

Stock Code : 6601

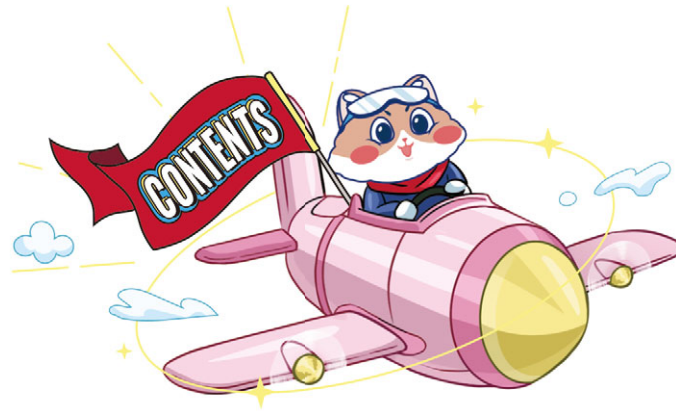
**CHEERWIN**  
朝雲集團有限公司

**Cheerwin Group Limited**  
(Incorporated in the Cayman Islands with limited liability)



**2023**  
**ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT**

*Life is Cheerful*



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# ABOUT THIS REPORT

## INTRODUCTION OF THE REPORT

This report is the fourth environmental, social and governance report (the “**Report**” or the “**ESG Report**”) published by Cheerwin Group Limited (the “**Company**” or “**our**”), together with its subsidiaries (collectively, the “**Group**”, “**we**”, “**us**” or “**Cheerwin**”). The Report is published on a regular basis every year, for the purpose of providing information on the Group’s environmental, social and governance (“**ESG**”) system building and performance and objectively disclosing the Group’s management and effectiveness in respect of sustainable development in response to the expectations of its stakeholders and the public, so as to strengthen communication and connection with various stakeholders.

## SCOPE AND BOUNDARY OF THE REPORT

The Report discloses the management and results of ESG-related issues for the period from 1 January 2023 to 31 December 2023 (the “**Reporting Period**” or the “**Year**”) and part of the information dates back to the previous year or covers the first quarter of 2024. For details of the Group’s business, please refer to the annual report of the Company (the “**2023 Annual Report**”).

## BASIS OF PREPARATION

The Report has been prepared strictly in accordance with the requirements of the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), responding to and based on the following principles:

**Materiality:** The Report discloses the procedures of identifying material ESG factors, including identifying, communicating and discussing with internal and external stakeholders and conducting assessment on material issues using the materiality matrix, and highlights the key factors and issues related to ESG.

**Quantitative:** The Report measures key performance indicators and discloses quantitative data as required by the ESG Reporting Guide issued by the Stock Exchange. The Report also discloses the statistical scope and calculation methods.

**Balance:** The Report provides an unbiased and objective picture of our ESG-related work.

**Consistency:** The Report adopts a consistent data disclosure approach and explains relevant statistical methods and standards.

The content index of the ESG Reporting Guide is set out in the Appendix III of the Report for easy and quick reference by readers.

## DATA SOURCES AND RELIABILITY STATEMENT

The information and data disclosed in the Report are based on the statistical reports, formal documents and financial reports of the Group and have been reviewed by the relevant departments. The Group confirms that there is no misstatement or misleading representation contained in the Report and takes responsibility for the truthfulness, accuracy and completeness of the contents of the Report. All the currency amounts in the Report are denominated in RMB.





## ABOUT THIS REPORT

### PROCESS OF PREPARATION

The contents of the Report have been determined based on a set of systematic procedures. Such procedures include, among others, forming a working group, identifying key stakeholders, conducting interviews with the stakeholders, identifying and prioritizing material ESG issues, deciding the scope of the ESG Report, collecting relevant materials and data, determining the framework, report compiling, report designing and review by the relevant departments and the senior management.

### ACKNOWLEDGEMENT AND APPROVAL

Subject to the acknowledgement of the management of the Company, the Report was approved by the board of directors of the Company (the “**Board**”) on 25 March 2024.

### ACCESS TO AND FEEDBACK ON THE REPORT

The electronic version of the Report will be available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.cheerwin.com](http://www.cheerwin.com)). Should you have any advice or recommendation as to the Group’s disclosure and performance in relation to ESG issues, please contact us through the following way:

E-mail: [esg@cheerwin.com](mailto:esg@cheerwin.com)





# MESSAGE OF THE MANAGEMENT

Corporate social responsibility has become increasingly important amid the wave of deep integration of the global economy and constant social progress. Cheerwin, based on the new historical intersection, deeply feels the pulse of the times from the coexistence of challenges and opportunities. In 2023, we faced multiple challenges, including intensified market competition, diversified consumer demands and environmental protection, etc. It is these challenges that motivate Cheerwin to keep moving forward. We are embracing changes with an open mind, proactively responding to new market demands and continuing to innovate to bring consumers even better products and services. We have further strengthened our corporate social responsibility, striving to work with our employees and partners to write a chapter of sustainable corporate development.

## SUSTAINABLE CORPORATE GOVERNANCE

Cheerwin continues to optimize its business processes and strengthen its internal control and risk management to ensure stable operations and sustainable development. We understand the power of an integrity culture. Through anti-corruption training, contractual requirements and other measures, we have strengthened the ethical and integrity awareness of our employees and partners, eliminated any forms of bribery, and resolved to create a transparent and fair business environment.

## INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

Cheerwin is keenly aware of the trends of the times, keeps abreast of the changes in consumer demands, flexibly adjusts and optimizes its product formulations, in order to meet the diversified and personalized needs of consumers. We have established a research information management system to digitally strengthen the R&D process and increase the innovation efficiency. By virtue of a comprehensive quality management system, we ensure that every step from R&D to production and marketing is strictly controlled, striving to provide consumers with excellent products and services.

## GREEN DEVELOPMENT FROM NATURAL RESOURCES

In response to the demand for green and low-carbon consumption, Cheerwin continuously introduces green and low-carbon products and explores green packaging solutions. We focus on reducing resource consumption and waste emissions and discharge in the production process. By optimizing our production processes, we are giving new impetus to the development of a circular economy. In the logistics sector, we have shortened transportation distances by increasing the direct delivery rate and promoting localized procurement. We also actively tried out the new “sea + railway” transportation means, aiming to achieve lower carbon emissions in the transportation process.

## PEOPLE-ORIENTED AND BRIGHT FUTURE

Cheerwin strives to create a diversified, fair and inclusive working atmosphere, hoping that every employee can be respected and trusted, so as to stimulate the potential of employees and their spirit of innovation. We also value the growth and development of each employee, for which we have established a sound talent development system to provide rich learning resources for employees at different stages and levels to facilitate their personal growth and career development.



## MESSAGE OF THE MANAGEMENT

### RESPONSIBLE ECOSYSTEM AND HARMONIOUS SOCIETY

Cheerwin actively takes responsibility for the industry and regularly launches distributor and supplier empowerment programs, hoping to grow together with its partners. At the same time, we actively participate in various public welfare activities and give back to the society via the donation of sterilization and disinfection products, popularization of science education, the rescue of stray animals, etc. In 2023, we teamed up with Chinese National Geography to produce a short film called “Nature teaches mosquitoes a lesson”, aimed at popularizing mosquito prevention knowledge and spreading the concept of healthy life to the public.

In the future, we will firmly carry out the development strategy of “good products are available everywhere, and life is cheerful”, and insist on investing in research and development to bring consumers healthier, safer and more environmentally friendly product experience. In the meantime, we will actively explore and practice such new models as green production and green supply chain, and endeavor to promote the sustainable development of the industry together with our partners.



# ABOUT US

## COMPANY PROFILE

Cheerwin Group Limited (stock code: 6601) was successfully listed on the Main Board of the Stock Exchange in March 2021. As a leader in China's household care industry, Cheerwin is not only the leading one-stop multi-category household care, pet care and personal care platform in China, but also the company with the largest number of brands and sub-categories among the top five household care companies in China.

Adhering to the mission of "Life is Cheerful" and the dreams of becoming "China's largest fast-moving consumer goods corporation and the global top 500 fast-moving consumer goods group", the Group fulfills the values of "customer first, pursuit of excellence, embrace changes, help each other, in trust we see", committed to creating a leading one-stop multi-category household care, personal care and pet care platform in China. It aims to create a better life for Chinese families, and continuously provide consumers with efficient, convenient and safe products through product upgrades and iterations.

### Our Mission

Life is Cheerful

### Our Dreams

China's largest Fast Moving Consumer Goods corporation  
Global top 500 Fast Moving Consumer Goods corporation



### Our Values

Customer first Pursuit of excellence Embrace changes  
Help each other In trust we see

### People Concept

Smart Truthful Striving Collaborative Introspective

### Our Strategy

Good products Available everywhere Make life easier





## ABOUT US

Guided by the strategy of “multi-brand, multi-category and multi-channel progressive development to meet varying demands of different consumers”, we continue to improve the brand matrix on the basis of our current brands, such as “Superb (超威)”, “Babeking (貝貝健)”, “Vewin (威王)”, “Naughty Buddy (倔強尾巴)”, “Naughty Mouth (倔強嘴巴)”, “Cyrin (西蘭)”, “Rikiso (潤之素)”, “Zhuazhua Cat Planet (爪爪喵星球)”, and “Mele Family (米樂乖乖)”. We have ranked first in China’s household insecticides and repellents market in terms of market share for nine consecutive years, ranked second in both household cleaning and air care market shares, and established leading positions in a number of market segments such as personal care and pet care.



Household insecticides and repellents products

**倔強嘴巴**

Pet care products



Household insecticides and repellents products  
Personal care products



Household insecticides and repellents products  
Personal care products

**倔強尾巴**

Pet food products



Integrated pet chain



Household cleaning and sterilization products  
Personal care products

**CYRIN 西蘭**

Air care products



**米樂乖乖**  
MELE FAMILY STORE 宠物生活馆

Integrated pet chain

During the Reporting Period, we strategically invested in Shenzhen Zhuazhua Technology Co., Ltd. (“Zhuazhua Technology”) and Shenzhen Mileyun Information Technology Co., Ltd. (“Shenzhen Mileyun”), as a move to expand into the pet physical service industry and the first step in the strategic deployment of 1,000 offline pet stores.



## ABOUT US

### Zhuazhua Cat Planet

Zhuazhua Cat Planet is an offline novel pet lifestyle brand of Zhuazhua Technology, which focuses on the operation of integrated pet store chains that combines sales and services in shopping centers. At present, we have successfully entered multiple first-line central business districts in Shenzhen and Shanghai, and own 15 stores in shopping centers nationwide.

The stores provide services including pet sales, commodity retail, pet care and cat café, etc. to satisfy the needs of pet lovers in all aspects. Our cattery is CFA (The Cat Fanciers' Association, INC.) certified, with a wide variety of breeds and bloodlines. We have more than 150 items in our stores to meet the diverse needs of pet owners.



### Mele Family Store

Mele Family Store is Shenzhen Mileyun's mega pet store chain in Shenzhen, providing customers with one-stop full-lifecycle pet care services. We offer a wide range of services covering pet shopping, boutique supermarket, pet bathing, premium spa, daycare and pet café. Our cattery has been certified by the CFA (The Cat Fanciers' Association, INC.)/WCF (World Cat Federation) and has been awarded the 2023 Consumer Favorite Merchant, making it a popular choice for pet families.

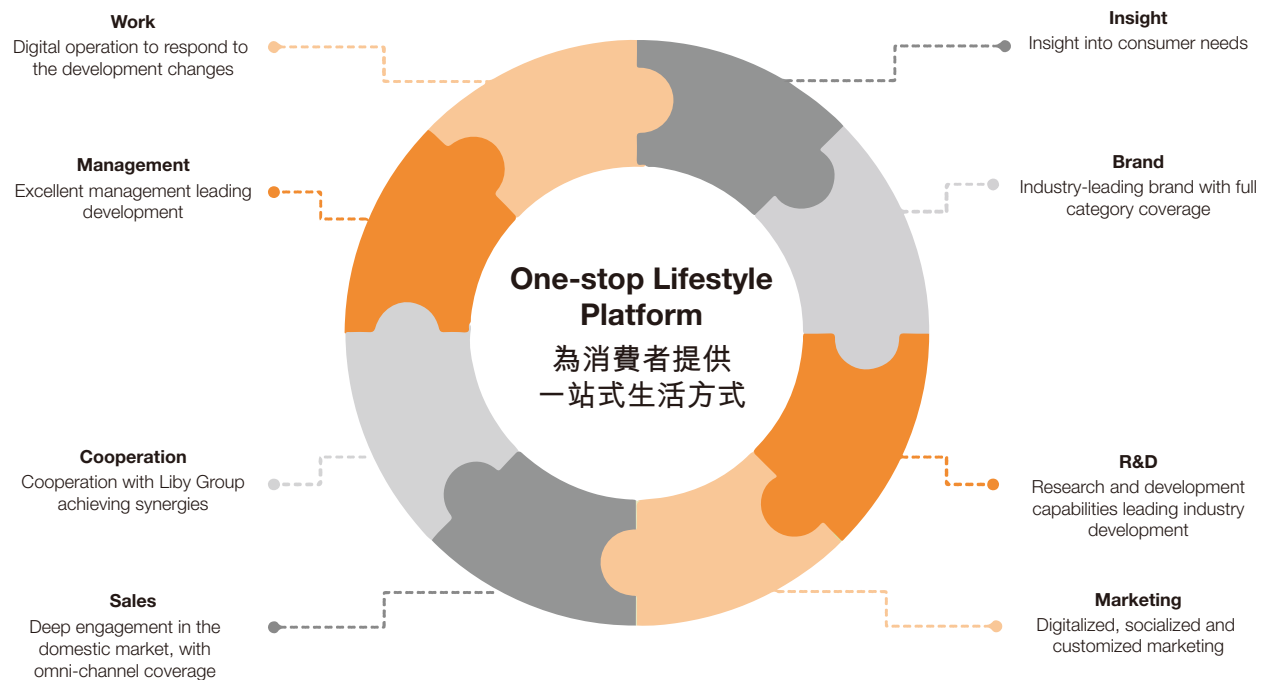
Currently, we have opened 11 stores in Shenzhen. In the future, we plan to extend the presence of our Mele Family Store to other cities in China.





## ABOUT US

Cheerwin has a vertically integrated business model that provides us control over the critical elements of the corporate value chain, including research and development, manufacturing, marketing and sales and distribution. We distribute our products through our nation-wide multi-channel sales network and have broad customer bases in our target markets. The Group is committed to providing a one-stop lifestyle platform for consumers through the following eight pillars.




Looking into the future, we will continue to provide consumers with quality products and attentive service, so that every family can bathe in a healthy, clean, safe, warm environment, and we create a better life together.





## ABOUT US

### HIGHLIGHTS




Environmental	
	The greenhouse gas emissions intensity, the energy use intensity, the water use intensity, and the non-hazardous waste production intensity dropped by 8.39%, 8.41%, 59.65% and 14.87%, respectively
	We promoted green packaging and optimized the design of green packaging for various products
	We obtained 9 environmental labeling certificates for 22 staple products
	Both Anfu and Panyu production bases successfully passed the certification of ISO 14001 environmental management system and ISO 50001 energy management system
	Through optimization of production schedules, modification of production processes, recycling of wastewater and other measures, we achieved water savings of 7,143 tons and energy savings of 140,111 kWh
	With recycling of solvent drums, we reduced the use of 4,357 solvent drums
	We shortened transportation distances and reduced CO <sub>2</sub> emissions by increasing direct delivery rate, promoting localized purchasing, reducing abnormal rework, etc
	We actively tried out the “sea + railway” transportation model to reduce CO <sub>2</sub> emissions
Social	
	There are 1,040 employees, of which 52.21% are females
	We participated in the revision of 8 industry standards and 5 association standards
	In 2023, we applied for 58 patents and 57 trademarks, of which 30 patents were licensed and 237 trademarks were granted
	We organized over 2,600 training sessions for distributors, salespersons and shopping guides, with over 4,000 training hours and 6,500 training attendees
Governance	
	We have been granted the China Excellent Management Company Award for three consecutive years
	We joined the Enterprise Anti-Fraud Alliance to build a corruption-free society together with industry benchmarks
	Anti-corruption and anti-fraud compliance training was launched, covering 100% of employees and directors



## ABOUT US

### CORPORATE HONORS

During the Reporting Period, Cheerwin received a number of domestic awards and recognitions, its brand influence continue to grow.

	Awards and Honors	Awarding Institutions
	<p>2023 China Excellent Management Company Award</p> 	<p>Deloitte, Bank of Singapore, Business School of The Hong Kong University of Science and Technology, Harvard Business Review (Chinese Edition)</p>
Cheerwin	<p>One of the Top Ten Companies in Light Industries</p> 	<p>China National Light Industry Council, China Daily Necessities Industry Association</p>
	<p>2023 Listed Company with Most Growth Potential on Consumer Goods</p> 	<p>National Business Daily</p>



# ABOUT US

## Awards and Honors

## Awarding Institutions

Gold and silver medals of the 16th ROI Business Creativity Awards



ROI Festival

Potential Brand of the Year in PFA AWARDS 2023



Pet Fair Asia

Model Enterprise with New Contributions to Innovation in the Daily Necessities Industry in China



China Daily Necessities Industry Association

Award for National Benchmark Enterprises on Quality and Credibility



China Association for Quality Inspection

Award for Qualified Products in the National Quality Inspection



China Association for Quality Inspection





## ABOUT US

Awards and Honors		Awarding Institutions	
Mele Family Store	2023 Popular Star Store		Meituan
	2023 Consumer Favorite Merchant		Meituan
Research on cockroach-killing technology and its industrial application	Science and Technology Progress Award of Guangdong Light Industry Association		Guangdong Light Industry Council
Research on mildew-preventing technology for repellents and its industrial application	Science and Technology Progress Award of Guangdong Light Industry Association		Guangdong Light Industry Council
Anfu Chaowei Commodity Chemical Industry Co., Ltd.	Provincial Enterprise Technology Center		Department of Industry and Information Technology of Jiangxi Province, Department of Finance of Jiangxi Province, Jiangxi Provincial Tax Service of State Taxation Administration



# ANNUAL THEME: CREATING GREEN PRODUCTS AND LEADING GREEN CONSUMPTION

We understand the power of consumption that shapes the future and drives sustainable development. As the young generation is becoming the main force of consumption, their concerns and expectations for greenness and low carbon are increasing. We incorporate the concepts of greenness, low carbon and sustainability into our products and services, aiming to make every choice a responsible action for the environment and society.

## ✓ UPGRADE OF GREEN PRODUCTS

Green products not only reduce the negative impact on the environment, but also embody the efficient use of resources and sustainable development. We incorporate environmental and sustainable considerations into all aspects of our product design and manufacturing, actively respond to the expectation of “responsible consumers” and work with them to set off a new trend of green and low-carbon consumption.

In 2023, we actively stepped up our investment in R&D and launched a number of green and low-carbon products to achieve our goals of environmental friendliness and resource conservation. We had 9 newly-added products with environmental labels, covering hard surface cleaners, insecticide aerosols, air fresheners and electric liquid mosquito repellents, demonstrating our efforts and achievements in environmental protection and sustainable development.

### Successful Development of New Insecticide Aerosol

During the Reporting Period, Cheerwin successfully developed a green, carbon-reducing insecticide aerosol.

**Reduced usage:** The dosing valve allows precise control of the amount of insecticide aerosol sprayed, significantly reducing consumption compared with conventional products. It is estimated that it can reduce carbon emissions by 90% compared with conventional oil-based insecticide aerosols.

**Increased transportation efficiency:** Compact packaging design not only reduces the amount of material used in the product canister and spray cap, but also saves storage space and reduces carbon emissions during transportation, making it more environmentally friendly and economical than traditional aerosols.

**Long-acting mosquito repelling:** One spray in a 15-square-meter space can achieve up to 12 hours of mosquito repelling.

Currently, the trial production for the product has been completed and it has been registered as a pesticide, which signifies that its quality and safety have been recognized by the authority.





## ANNUAL THEME: CREATING GREEN PRODUCTS AND LEADING GREEN CONSUMPTION

### Upgrade of Formulation of Fragrance-free Liquid Mosquito Repellent and Insecticide Aerosol

In 2023, we upgraded the formulations of our unscented lines of Superb/Babeking electric liquid mosquito repellent and insecticidal aerosol.

Relying on high-quality solvents with low aromatic hydrocarbons and low sulfur, all products were upgraded to be fragrance-free and odorless. As identified by the State Environmental Protection Key Laboratory of Odor Pollution Control, the electric liquid mosquito repellent and insecticidal aerosol meet the standards for odorless products.

Meanwhile, we purified and upgraded other additives in the products to enhance users' sensory experience.

Made of green raw materials, the product enhance the physical and mental health of consumers to a certain extent, bringing them a healthier and more comfortable experience. At present, the products have been successfully put into production.



### ✓ EXPLORATION OF GREEN PACKAGING

We actively explore green packaging solutions to reduce packages and replace packaging materials, striving to reduce the use of packaging materials at source.

During the Reporting Period, we optimized the packaging design solutions for a number of products, including incense stick, floral water, toilet cleaner, laundry detergent and mosquito repellent. We effectively reduced the carbon footprint of these products by replacing the material of the outer box, optimizing the packing method, reducing the size of the outer box, etc.



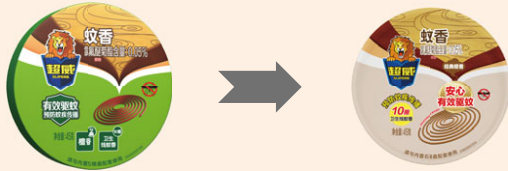


# ANNUAL THEME: CREATING GREEN PRODUCTS AND LEADING GREEN CONSUMPTION

## Green Package Design



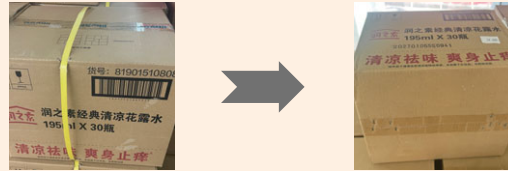
### Superb sandalwood incense stick



- The optimization of box materials reduced package weight by 50g, reducing the amount of paper used



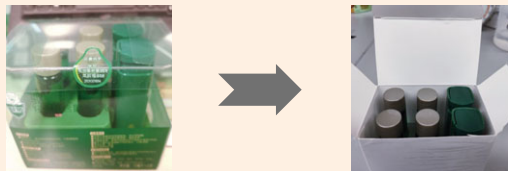
### Rikiso classic floral water



- Stitching instead of strapping saved 1.2m of straps per box



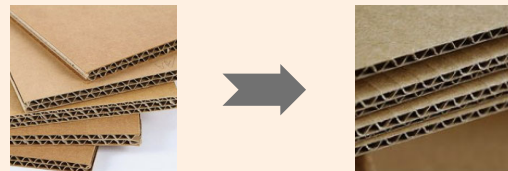
### Superb liquid repellent



- Renewable materials were used to replace the original outer PET plastic box, reducing the use of PET plastic by about 800g per box
- The original PS flocking materials were replaced by more eco-friendly PET for blister molding
- It reduced the size of the outer box and the outer case to reduce the total storage and transportation space

## CYRIN 西兰

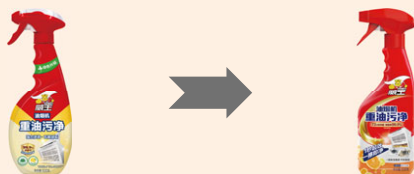
### Cyrin Xiaoxiangfeng solid freshener in 68g



- For transportation packaging, the original 5-layered carton was replaced by 3-layered carton
- Elimination of the "tic-tac-toe board" reduced the amount of corrugated paper used by about 120g per carton
- It optimized and cut the size of the outer box to reduce transportation and storage costs



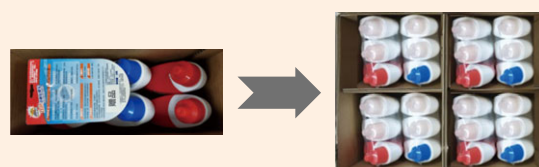
### Vewin heavy oil remover



- A new container was developed and container making process was optimized to reduce weight by 7.5%



### Vewin 8-action all-purpose toilet cleaner



- Plastic packaging was used to replace graphic cartons, reducing the amount of paper used by 150g per set



# OPENING: SUSTAINABLE CORPORATE GOVERNANCE

Cheerwin is committed to building a sustainable corporate governance system by integrating ESG concepts with its operation and development to provide consumers with safer, healthier and greener quality products and services. We continue to optimize our governance system and work with our employees and partners to promote sustainable development of the society.

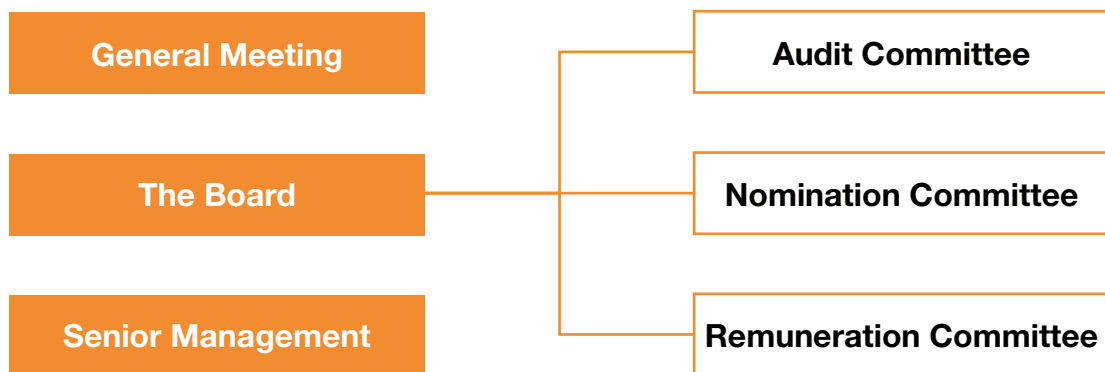
## CORPORATE GOVERNANCE

- **Governance Structure**

Cheerwin endeavors to establish a sound corporate governance structure to ensure long-term stable development. We firmly believe that an excellent governance structure can effectively enhance corporate transparency, accountability and credibility, thereby boosting the confidence of investors and stakeholders.

Cheerwin has adopted and followed the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of the Listing Rules as the cornerstone of its governance practices. Under the guidance of the Code, we have established the Audit Committee, the Remuneration Committee and the Nomination Committee, each of which operates in strict compliance with the terms of reference set by the Board in order to achieve scientific and effective decision-making.

In order to enhance the efficiency of the Board’s operation and maintain the high standard of corporate governance, we have actively implemented the board diversity policy, taking into account multiple factors such as their professional experience, skills, knowledge, gender, age, cultural and educational backgrounds, ethnicity and length of service. As at 31 December 2023, the Board comprised 7 Directors, including 3 executive Directors (1 female executive Director), 1 non-executive Director and 3 independent non-executive Directors.



**Corporate Governance Structure**

For more corporate governance information, please refer to the Corporate Governance Section of the Company’s 2023 Annual Report.



## OPENING: SUSTAINABLE CORPORATE GOVERNANCE

### • Risk Management and Control

In a complex and volatile business environment, effective risk management is crucial to ensure stable operations, protect shareholders' interests and achieve sustainable development.

We have always stuck to the bottom line of compliance and strictly complied with relevant national laws and regulations and industry norms to lay a solid foundation for our stable development. We have established detailed internal management policies which are continuously being optimized and improved, in a bid to ensure that all aspects of the operations are legal and compliant. Please see Appendix II for the laws and regulations applicable to the Group and a list of the internal policies.

We have also developed complete internal control and risk management procedures aiming to identify, analyze, classify, mitigate and monitor potential risks associated with operations, including but not limited to procurement management, credit risk, related party transaction control, information disclosure control and regulatory procedures, etc. Our risk management policy clearly defines the reporting standards and processes for each type of risk to ensure that risks are managed in a timely and effective manner.

During the Reporting Period, we proactively initiated special audits covering e-commerce inventory, scrapping process, supply management, marketing program and expense reimbursement. Meanwhile, we systematically sorted out the process authority of our business operations, optimized and added a number of internal systems, including the *Standard Procedures for the Management of Advertising and Promotional Materials*, the *Measures for the Control Mechanism of the Anti-Locking Code of the KA Sales Department in 2023*, and the *Online Marketing Expense Verification and Reimbursement & Invoicing Management System of Cheerwin Group*, which provide support for the subsequent optimization of our internal control and risk management procedures.

#### Market visits & distributor audits

- We visited the market in Southwest China to understand the market performance of our products
- We visited some distributors in Southwest China to understand the end-market performance of our products and verify the authenticity and compliance of the marketing expenses
- We worked with the relevant departments to rectify the problems identified in the internal audit process



#### OEM factories & supplier audits

- On-site inspections were conducted on selected OEM factories at the middle and end of the year
- Review and cost analysis was carried out on raw material suppliers in terms of selection, pricing, contracts, order management, etc





## OPENING: SUSTAINABLE CORPORATE GOVERNANCE

- **Anti-corruption**

Cheerwin strictly abides by relevant laws and regulations including the *Company Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, and resolutely opposes corruption, bribery, extortion, fraud and other unlawful acts. We have formulated internal systems, such as the *Audit Supervision Management System* and the *Corruption Prevention and Punishment Management System*, with the aim of promptly exposing and rectifying possible corruption within us. We accept the supervision of all stakeholders through the integrity whistle-blowing channel on our official website at [tousu@cheerwin.com](mailto:tousu@cheerwin.com), in order to enhance the transparency of corporate governance and be subject to supervision by all parties.

We continue to strengthen the development of an integrity culture to create a corruption-free and fair working atmosphere. During the Reporting Period, we formulated and optimized the Letter of Commitment to Integrity and Self-discipline for Employees of Cheerwin Group (2023 Edition), which stipulates the requirements for integrity practices and prohibits fraudulent and corrupt acts. All employees are required to be signed the updated letter annually. Any suspected acts of fraud, corruption and decadence will be dealt with strictly.

We organized the anti-corruption and anti-fraud compliance training for 2023 in the form of “offline + online live streaming”, which covered all of Cheerwin’s staff. The training centered on the anti-corruption regulations and cases in the Mainland and Hong Kong, and Cheerwin’s anti-corruption work and internal management system. After the training, we conducted a quiz on the staff to assess their understanding and mastery of the knowledge of anti-corruption and anti-fraud, so as to further enhance the awareness of integrity. We also launched separate training for the Board of Directors and senior management, including training on the Regulatory Updates and Practical Tips for Listed Companies, the Interpretation of Related Party Transactions, Equity Incentives and Latest Policies, and ECPD seminar on Financial Control and Risk Management, which cover listing compliance, anti-fraud, and ESG, etc., which have effectively enhanced the awareness and capability of the Board and senior management in anti-corruption and anti-fraud, and strengthened the compliance culture and risk prevention and control mechanism.

During the Reporting Period, Cheerwin was not involved in any litigation cases related to corruption or malpractice.



### Anti-corruption and anti-fraud compliance training

- 01 Sharing of Mainland’s criminal laws and cases on corruption and fraud
- 02 Sharing of Hong Kong’s anti-corruption laws and cases
- 03 2023 anti-Fraud efforts of Cheerwin Group
- 04 Publicity of the Group’s internal anti-corruption and anti-fraud systems



## OPENING: SUSTAINABLE CORPORATE GOVERNANCE



**Anti-corruption and anti-fraud compliance training**

We strive to foster a corruption-free business environment and continue to strengthen the management of business integrity of our suppliers and distributors. During the Reporting Period, we included explicit integrity management requirements in the terms of the contracts with suppliers and distributors. Besides, we stipulated in *the Supplier Code of Conduct* that suppliers are not allowed to offer or accept bribes. If any irregularities are found, corresponding penalties will be imposed to ensure that the supply chain remains healthy, transparent and fair. In 2023, we launched the Cheerwin tendering system online, which standardized the opening and closing of tenders online, effectively pushing forward anti-corruption controls in procurement.

During the Reporting Period, Cheerwin joined the Enterprise Anti-Fraud Alliance to promote anti-corruption and integrity in the society.



### Learning from good anti-fraud experience

Learning from the successful experience of outstanding companies in the anti-fraud field in the alliance



### Enhancement of fraud detection capability

Enhancement of fraud detection capability of auditors and strengthening of application of technology



### Anti-fraud resource support

Utilizing the alliance's information sharing mechanism and business exchange platform to enhance the business standard and effectiveness of anti-fraud work



### Working together for a corruption-free society

Joining hands with the alliance to promote anti-corruption and integrity in the society to contribute to social anti-fraud cause



## OPENING: SUSTAINABLE CORPORATE GOVERNANCE

### ESG GOVERNANCE

- **ESG PHILOSOPHIES**

Cheerwin undertakes the mission of “Life is Cheerful” and has deeply embedded ESG concepts in its core values and strategic decisions. We firmly believe that the sustainable development of Cheerwin is not only about economic benefits, but also about its positive impact on society, the environment and various stakeholders.

- **STATEMENT OF THE BOARD**

The Board has always regarded environmental, social and governance work as an important cornerstone of the Company’s long-term stability. As the Group’s top leader, the Board takes full responsibility for the ESG governance and work progress.

We have established an environmental, social and governance office of Cheerwin under the Board, which is led by an executive Director. The Audit Department of the Group takes the lead in the management and execution of ESG-related matters. We have also established an environmental, health and safety team to assist the ESG Office in assessing and managing all ESG-related matters. The ESG Working Group, comprising the Audit Department, Human Resources Center, Technology R&D Department, Legal Affairs Department, Sales Center, Supply Chain Operation Department, Quality Management Department and Supply Management Department, coordinates and promotes the specific ESG matters and ensures the implementation of ESG work.

During the Reporting Period, the Board supervised and reviewed the ESG-related work. The Board participates in the materiality assessment and prioritization of ESG issues and reviews and evaluates the ESG performance of Cheerwin. In addition, the Board reconfirmed the climate risk identification list of Cheerwin, reviewed the environmental targets in terms of water consumption, energy consumption and emissions, and supervised the achievement of the targets, so as to promote the steady improvement in the Company’s sustainable development level.

In the future, the Board will continue to improve the ESG governance framework and strengthen its supervision and participation in ESG matters, so as to practically enhance Cheerwin’s performance in environmental, social and governance aspects.

- **STAKEHOLDER ENGAGEMENT**

The sustainable development of the Group is closely related to the support of our stakeholders. We always pay attention to the demands of our stakeholders, including government and regulatory authorities, investors/shareholders, customers and consumers, distributors, suppliers, and employees. We have established a normal and multi-channel communication mechanism to respond to the demands of our stakeholders in an accurate and timely manner. We endeavor to work with our stakeholders to set clear the direction for our future sustainability.





## OPENING: SUSTAINABLE CORPORATE GOVERNANCE

During the Reporting Period, based on regulatory requirements, concerns in the capital market and leading industry peer practices, the Group sorted out and identified the following major stakeholder groups that have decision-making power over and influence on the Group and are closely associated with the Group.

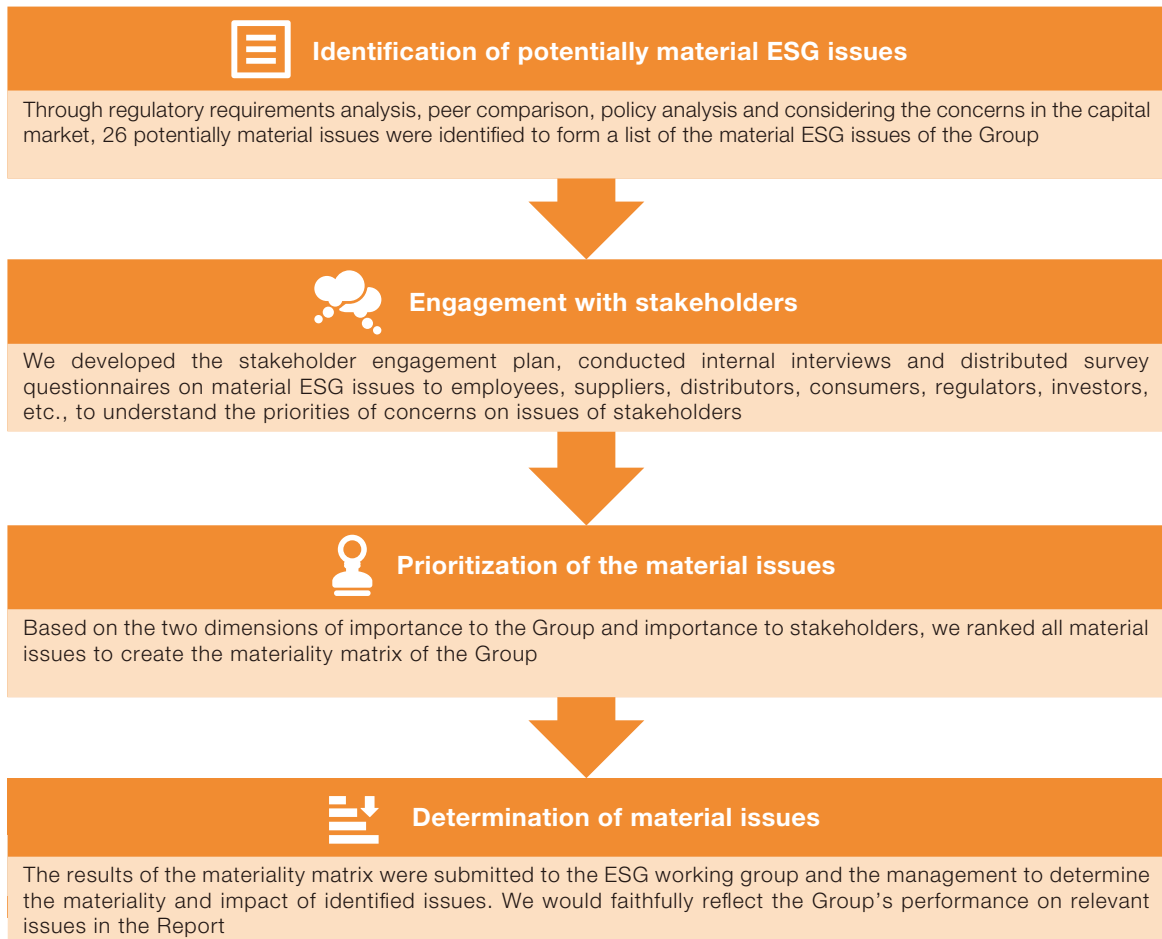
Related parties	Concerns	Communication and response channels
 Governments and regulators	<ul style="list-style-type: none"> <li>Compliant operation</li> <li>Tax payment by law</li> </ul>	<ul style="list-style-type: none"> <li>Reception for research</li> <li>Proactive reporting</li> <li>Annual reports</li> </ul>
 Investors/Shareholders	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Economic performance</li> <li>ESG performance</li> </ul>	<ul style="list-style-type: none"> <li>General meetings/extraordinary general meetings</li> <li>Results presentation</li> <li>Press releases/announcements</li> <li>Annual reports and interim reports</li> <li>ESG reports</li> </ul>
 Customers and consumers	<ul style="list-style-type: none"> <li>Safe, healthy and environmentally friendly products</li> <li>Customer privacy and data confidentiality</li> <li>Product diversification</li> <li>Quality service</li> </ul>	<ul style="list-style-type: none"> <li>Innovative research and development</li> <li>Whole process product quality control</li> <li>Brand promotion</li> <li>Responsible marketing</li> <li>Consumer service hotline</li> </ul>
 Distributors	<ul style="list-style-type: none"> <li>Profit guarantee</li> <li>Boosting business capability</li> </ul>	<ul style="list-style-type: none"> <li>Distributor selection evaluation</li> <li>Distributor training and publicity</li> </ul>
 Suppliers	<ul style="list-style-type: none"> <li>Supplier selection management</li> <li>Supplier evaluation</li> <li>Supplier cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Supplier admission evaluation</li> <li>Supplier performance evaluation</li> <li>Regular visits to suppliers</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>Protection of basic rights and interests</li> <li>Compensation and benefits</li> <li>Training and development</li> <li>Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Employee communication platform</li> <li>Regular growth and performance evaluation</li> <li>Cheerwin Academy</li> <li>Health and safety training</li> </ul>



## OPENING: SUSTAINABLE CORPORATE GOVERNANCE

- **IDENTIFICATION OF MATERIAL ISSUES**

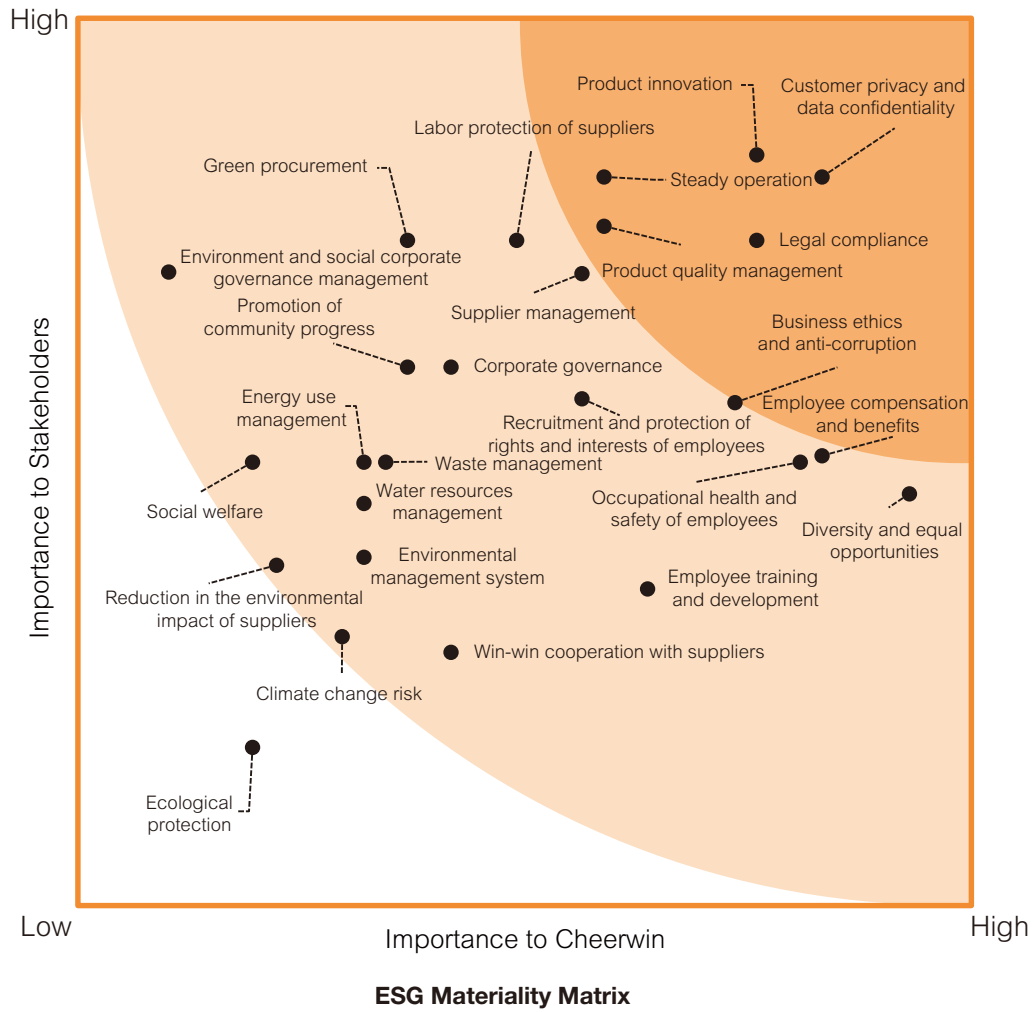
During the Reporting Period, based on the disclosure requirements of the ESG Guide of the Stock Exchange, the Group closely followed the trends of changes in ESG concerns in the capital market, and identified potentially material issues in accordance with the materiality matrix of the Sustainability Accounting Standards Board (SASB) and the practices of leading companies in the same industry. In-depth interviews and questionnaire surveys were conducted with various stakeholders to further confirm the prioritization of the issues.





## OPENING: SUSTAINABLE CORPORATE GOVERNANCE

Of which the 26 material issues, the Group identified 5 issues of high materiality, 20 issues of moderate materiality and 1 issue of general materiality during the Reporting Period. Issues of high materiality constitute the key part of the Report, which will be disclosed in detail.





# I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

Under the philosophy of “Life is Cheerful” of Cheerwin, we are committed to creating a better life for Chinese families. We keep abreast of the trends of the times and gain a deep insight into the needs of users. By strengthening our R&D and innovation strength and improving our quality management system, we endeavor to create products and services of outstanding quality.

## 1.1 R&D AND INNOVATION

R&D and innovation is the core momentum for sustainable development of enterprises. Facing the complex and changing market environment, Cheerwin insists on innovation-driven development. To cater to the needs of consumers, we continue to strengthen our R&D team, actively explore the application of cutting-edge technologies, and continuously improve product performance and user experience to satisfy consumers’ desire for a better life.

- **PRODUCT INNOVATION**

Cheerwin adheres to the innovation concept of “creating healthy, scientific, eco-friendly and natural products”. Through continuous R&D, it promotes the diversification and specialization of its products, committed to satisfying consumers’ pursuit of a better life.

During the Reporting Period, we initiated the R&D of new product technologies and upgraded the formulations of our products, including insecticides and repellents, household cleaning and care products, air-conditioning fragrances, personal care products and pet products.

In the field of insecticides and repellents, we continued to improve the sense of use and effectiveness of our products by strictly selecting better quality raw materials. The newly launched Superb Cool Mint Liquid Repellent was made of imported mosquito repellent ester from Germany, which provides continuous protection against mosquitoes for 5 hours outdoors and applies a patented plant soothing factor that can quickly relieve skin discomfort in addition to effective mosquito protection.

### Superb cool mint liquid repellent

Superb Cool Mint Liquid Repellent was made of the solution of Germany’s Merck, and safe and effective ingredients, which provides outdoor continuous protection against mosquitoes for 5 hours. Spraying on the surface of the skin creates a light protective film, which is waterproof and sweatproof, and is not easy to penetrate the skin. The repellent was made of 5 mint extracts and formulated with a patented plant soothing factor. One spray lowers the temperature by 5.7°C, effectively relieving scratching and irritation.





## I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

In the aspect of household cleaning and sanitizing, we responded quickly to the market demand and launched the new Vewin scented toilet cleaner, which focuses on the improvement of the sterilization effect and the protection of the porcelain surface, while removing the stains in the bathroom, bringing safer and more efficient bathroom products to consumers.

### Vewin scented toilet cleaner

Vewin scented toilet cleaner featuring a viscous formulation hangs longer and cleans more thoroughly, with a 99.9% bacteria removal rate. It removes both dirt and bacteria. The formulation is mild and non-toxic, which does not damage the surface of the porcelain, making it more comfortable to use. It is also infused with high-end essential oils that emit a natural floral scent to enhance the user experience.





## I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

In the aspect of pet food and cleaning products, we have taken active steps to launch high-quality products that meet the needs of pets by selecting green and healthy raw materials and upgrading product formulations, aiming to provide pets with scientific and healthy feeding and care methods, and bring pet owners more relaxing and enjoyable experience of pet ownership.

### Development of hypoallergenic cat food

Gastrointestinal health is crucial to a cat's healthy growth. In 2023, Cheerwin developed hypoallergenic cat food for cats with sensitive stomachs.

We selected a single source of meat to ensure the purity and high quality of our ingredients and minimize the risk of allergies in cats at the source. Cereal and bean ingredients were avoided to help further minimize factors that may cause gastrointestinal distress in cats. In the nutritional formulation, we have innovatively added a 20 billion patented live bacteria combination to help reduce the gastrointestinal burden of cats and promote digestion and absorption.



### Introducing double charcoal mixed cat litter

In response to the tedious and unpleasant odor and dust problems pet owners often face in cleaning up animal feces, we have introduced the Naughty Buddy dual charcoal mixed cat litter.

This cat litter uses a dual-charcoal formulation for efficient deodorization, and combines natural ingredients such as tofu litter and bentonite clay to ensure that it is eco-friendly, dust-resistant and dry, solving the problem of feces removal for pet owners, and at the same time providing better experience for both cats and owners.



### Hypoallergenic shampoo

To address the problems of dryness, knotting and shedding of pet hair, we have launched a hypoallergenic shampoo with natural decontamination power and zero irritation for pets.

Natural plant oils are used to effectively moisturize pets' hair, while green APG gently removes oil, ensuring that pets' skin is not harmed during the cleaning process.







# I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

## ✓ Formulation technology development

By combining living scenarios and consumer demands, Cheerwin continuously studies and optimizes its formulation process to enhance the performance, safety and stability of its products.

### Household insecticides and repellents

Adjustment/development of product formulations by taking into account factors such as cost, odor, efficacy, availability of raw materials:

- Low foaming water-based insecticide aerosol
- Unscented and odorless aerosol and electric mosquito repellent
- Quantitative cockroach killer
- Quantitative mosquito aerosol
- Outdoor biting midge (*Ceratopogonidae*) repellent

### Household cleaning products

- Completion of basic formulation design for descaling and antibacterial toilet gel, emulsion kitchen cleaner, solvent-free odourless kitchen cleaner, nanoemulsion cleaner, nanoemulsion kitchen cleaner, and food-contact cleaner
- Continuous improvement of the optimal ratios of liquid drain clog removers and kitchen cleaners



### Formulation technology development

#### Air care products

- Completion of the formulation design of fragrance stabilization for liquid air fresheners and reed diffusers
- Completion of special deodorization formulation for cat urine via research on deodorization technology

#### Pet care products

- Enhancement of the palatability of pet food to improve formulation design
- Development basic formulation for immunity boosting food
- Commencement of research on the basic properties of cat litter, establishment of technical standards for raw material acceptance and cat litter stability indexes, and provision of a solid guarantee for the design of high-quality cat litter formulations

## ✓ R&D of packaging technology

We attach importance to the R&D and innovation of packaging technology and combine various testing methods, such as laboratory functional verification, on-line testing, field transportation testing, e-commerce package testing, to continuously optimize the packaging solutions for new products, improve the packaging design of old products, and reserve high-quality packaging material suppliers. During the Reporting Period, we began to develop packaging technology covering new product packaging, old product improvement and reserve solutions. Among them, we developed a breathable material gasket made of polymer plastic to meet the breathability requirements of some products and prevent expansion bottle. The material has passed the trial production and has been applied. We reserved an imported shrinkable plastic film to fulfill the shrinkage effect of the upgraded container of Vewin heavy oil kitchen cleaner and improve the resistance to strong alkaline formulation to enhance the overall competitiveness of the new product.



**New product packaging solutions**



**Quality improvement and backup suppliers**



**Tracked products**



**Completed product upgrades**



## I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

- **Capability upgrade**

We attach great importance to the enhancement of independent R&D capabilities, actively introduce highly qualified personnel, and continuously increase the investment in R&D to provide strong technical support for product innovation.

- ✓ **Digital intelligence management during R&D**

Based on Cheerwin's product strategic planning and development requirements, we established a scientific research information management system, aiming to promote the digitization and intelligentization of the R&D, improve R&D efficiency and innovation capability through the integration and optimization of R&D resources, and provide powerful support for product R&D and market competition.



- ✓ **R&D team and laboratory construction**

As at 31 December 2023, we had an independent R&D design center and a professional R&D team with a total of 35 technical R&D employees, with 35% having a master's degree or above. Meanwhile, with the expansion of our pet business size and market share, we gradually promote the establishment of an animal experimental center. We actively launching activities involving pet experience officer to provide a solid data base for the development of subsequent experimental work. During the Reporting Period, we conducted a total of 9 formal scientific evaluation tasks, attracting over 200 users to participate.

### **Establishment of animal experimental center to promote product iteration and upgrading**

In our animal experimental center, we are able to combine the analysis of physical and chemical indicators and observation of animal behavior to ensure the optimal quality and performance of raw materials, thus promoting the continuous iteration and upgrading of our products. At present, we have developed a pet feeding test method to assess the palatability and tolerance of the products. At the same time, we are able to comprehensively assess the performance of pet food from feeding to metabolism through detailed animal feeding behavior observation and fecal evaluation. In the future, we will strengthen the collaboration with Guangdong Zhongkeyan Cosmetic Technology Research Company Limited and cooperation with external agencies if needed to jointly develop functional food evaluation methods, so as to further enhance the capacity of the animal experimental center in food functional evaluation.



## I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY



**Quantitative feeding monitoring**



**Animal excreta observation**



**Bath & shower facilities**



**Coat care**

Our animal experimental center is clean, comfortable, well-equipped, cleaned and disinfected daily, and dedicated animal breeders are designated for daily care of animals.



## I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

- **External Cooperation**

We worked with the Shandong Academy of Agricultural Sciences and Shanghai Jiaotong University to conduct a study on the palatability of pet food. During the Reporting Period, we successfully screened out better palatable product solutions for new product launch verification, old product improvement and new product reserve. In addition, we collaborated with the Shandong Academy of Agricultural Sciences in the area of functional food for pets.

### We collaborated with the Shandong Academy of Agricultural Sciences to develop functional food for pets

In view of the continuous growth trend of the functional food market, we screened and identified solutions for the functionalization of pet food, aiming to develop functional food for pets by enhancing the immunity and antioxidant capacity of pets. We choose puffed grains as carriers, add functional ingredients and adjust nutritional elements to ensure the effectiveness of our products. At the animal experiment base of the Shandong Academy of Agricultural Sciences, we evaluated the effectiveness with cats as test subjects. Test results show that the product can improve the antioxidant capacity, strengthen the immunity, and promote hair growth.





## I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

- **Standard Establishment**

We participate in the preparation and revision of national, industry and group standards, and actively provide technical support to lead the industry to a higher level of development. In 2023, Cheerwin participated in the revision of 8 industry standards and 5 association standards.

At the working meeting of the association standards Freeze-drying of Pets' Compound Feed, we proposed to modify the technical indexes of mineral elements in cat food in the association standards according to the latest requirements of the Association of American Feed Control Officials (AAFCO), and also put forward suggestions on the physicochemical indexes of freeze-dried food and the package testing scheme, in order to promote the orderly and healthy development of the pet food industry.

Type	Name of standard	Level of participation
Industry standards	Imiprothrin	Participation
	Air Refreshing Aerosol	
	Test Methods for Efficacy of Non-applicative Repellents	
	QB/T 5782-2023 Washing Machine Tank Cleaner	
	QB/T 2738-2023 Evaluation Methods of Antibacterial and Antimicrobial Effects of Daily Chemical Products	
	QB/T 5826-2023 Hard Surface Cleaners for Industrial and Public Facilities	
	Permethrin Mothproofing Agent	
Association standards	Deodorant Aerosol	Leading
	Household Dehumidifiers (Calcium Chloride Type)	Participation
	Freeze-drying of Pets' Compound Feed	
	T/SDPLA 03-2023 Specification for Quality and Safety Management of Cat Litter Production	
	Mixed Feed Additives (Lactobacillus Casei + Lactobacillus Plantarum)	Leading
T/SDPLA 02-2023 Method for Determination of Water Absorption Rate (Stickiness) of Cat Litter		

## I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

- INTELLECTUAL PROPERTY**

The protection of intellectual property rights is the cornerstone of Cheerwin's continuous innovation and technological progress, and is also an important guarantee for strengthening its core competitiveness and building up its market position. We strictly comply with *the Patent Law of the People's Republic of China*, *the Trademark Law of the People's Republic of China*, *the Copyright Law of the People's Republic of China* and other relevant laws and regulations. We have developed internal management systems, including the *Patent Management System*, the *Trademark Management System* and the *Copyright Management System*, to standardize our application for, use and maintenance of intellectual properties including trademarks, copyrights and patents.

During the Reporting Period, we cracked down on infringement of our intellectual property rights and filed nearly 30 lawsuits in court to defend them, in order to safeguard the rights and interests of consumers and protect intellectual property rights from infringement. At the same time, we focus on strengthening our staff's awareness of intellectual property protection by requiring the R&D center to launch a 2-hour training on the operation of patent search software, which aims to improve staff's patent searching skills and ensure timely monitoring of the status of trademark and patent applications and registrations.



**Patent Training**

During the Reporting Period, the Company's intellectual property applications and acquisitions were as follows:

	<b>Number of applications in 2023 (pieces)</b>	<b>Number of licenses/grants in 2023 (pieces)</b>	<b>Total as of 31 December 2023</b>
Patents	58	30	183
Trademarks	57	237	2,237
<b>Total</b>	<b>115</b>	<b>267</b>	<b>2,420</b>





# I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

## 1.2 EXCELLENT QUALITY

Cheerwin is committed to providing consumers with products of outstanding quality and continuously satisfying their pursuit and expectation of high-quality life.

- **Product Quality Management**

With reference to ISO 9001 quality management system, we established a sound quality management system, including the *Product Quality Policy of Cheerwin Group*, the *Quality Management Manual*, the *Rules for Management of Quality Targets*, the *Rules for Handling of Complaints about Market Product Quality*, and the *Rules for Handling of Quality Incidents*.

In order to fully implement our quality strategy and meet management requirements, we summarize the quality management work at the end of the year and set the quality management objectives for the next year by taking into account the achievement of each quality indicator. During the Reporting Period, we set and achieved quality targets in terms of the compliance rate of product quality, the passing rate of starting materials delivered, the passing rate of products in market sampling and the number of major quality incidents.

We also established quality management methods for key varieties. For sterilization and disinfection products, we worked out quality assurance programs against quality risks. From cosmetics, we strictly comply with the relevant laws and regulations including *the Regulations on Supervision and Administration of Cosmetics*, and has formulated internal policies, such as the *Cosmetics Sampling Management Measures* and the *Management Measures for Monitoring of Adverse Reactions about Cosmetics*, to increase the requirements for sampling and release of cosmetics. We continuously monitor the adverse reactions about cosmetics, including products at all stages of production, storage and sale, in a bid to ensure effective control of adverse reactions and safeguard the health and safety of consumers. During the Reporting Period, we conducted special quality reviews on the cosmetics factories we work with to identify legal risks and encourage our partners to improve their quality management.

Furthermore, we organized online training or external learning to help our staff strengthen their accurate grasp of the key points of the updated regulations, so as to respond to the updated *Regulations on Supervision and Administration of Cosmetics* and the supporting policies released thereafter.

- **Quality Assurance throughout Lifecycle of Products**

Cheerwin strictly manages and supervises the quality and safety of its products throughout the entire life cycle, from product development, quality control of raw materials, product production to product launch, in a bid to ensure that its products meet the needs and expectations of consumers in terms of safety, efficacy, practicability and stability.



## I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

### ✓ Product Development

Cheerwin, which emphasizes quality and safety in the product development stage, always complies with the laws and regulations of the country and the industry, making compliance as the cornerstone of product development. We formulated the *Measures for Quality Management of New Products and New Projects* to clarify the quality control requirements and workflow for the trial production of new products (including formulations and packages), the first-time production of production units, and the evaluation and verification of new projects. In addition, we released the *Management Measures for Product Stability and Safety Tests* to ensure the quality, performance and safety of products during the shelf life under various storage conditions.

In the course of product development, our quality team maintains close communication with the R&D team to provide scientific and professional quality and safety assessment for product development. Upon completion of the evaluation, a detailed report will be generated for the internal team's reference, providing strong support for product development decisions.

### Product development process



### ✓ Quality Control of Raw Materials

As far as quality control of raw materials is concerned, we have developed internal policies such as the *Rules for the Management of Acquisition and Selection of Suppliers*, the *Quality Management Measures for Selection of New Suppliers of Raw Materials*, the *Measures for Daily Quality Management of Raw Materials Suppliers*, and the *Rules on Monitoring and Management of Prohibited and Restricted Substances in Raw Materials*. We carry out strict evaluation and supervision from supplier selection to the daily management of suppliers to ensure the quality of raw materials.





## I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

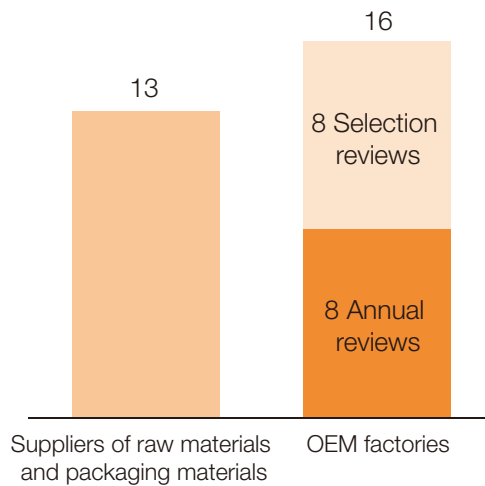
### ✓ Product Manufacturing

We strictly monitor every step of the production process and proactively control the factors that affect the quality of our products, so as to improve the stability of the manufacturing process and produce quality products.

In order to regulate the monitoring and measurement of the manufacturing process of various products, we have formulated internal management systems including the *Management Measures for Monitoring and Measurement of Manufacturing Process of Products* and the *Management Measures for Quality Monitoring and Measurement of Semi-finished and Finished Products*, which specify the key control points and control measures, and standardize the release of products.

Before products leave factories, we carry out strict product quality sampling tests to ensure that each batch of products meets the quality standards. For skin-friendly products such as shower gels and hand sanitizers, we engage a professional third-party testing agency to carry out a comprehensive safety risk assessment including standard full-item tests, toxicology tests and safety assessment. During the Reporting Period, we actively cooperated with research institutions like the Guangzhou Quality Supervision and Testing Institute and the Shanghai Institute of Quality Inspection and Technical Research to ensure the quality and safety and products. In 2023, we conducted a total of 29 quality audits on our raw material and packaging material suppliers and OEM factories.

Number of quality audits in 2023



In view of sub-standard products, we have issued the *Non-conformance Control Measures* to standardize the disposal of substandard products and require timely discovery of the root cause of non-conformance so that effective corrective measures can be taken to prevent recurrence of the problem.

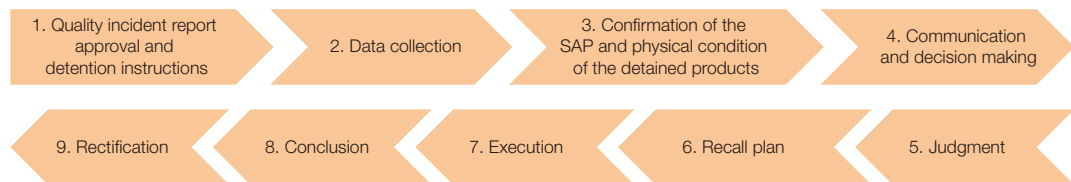


# I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

## ✓ Product Launch

We always put consumers' rights and interests and safety in the first place, striving to bringing consumers assured product experience. After the launch of products, we pay continuous attention to the safety performance of the products. Once products with potential safety hazards are found, we will immediately stop selling them and promptly activate the recall procedures in accordance with the *Control Measures for Product Recalls and Mock Recalls* to ensure the proper handling of the problematic products and effectively safeguard the rights and interests of consumers. In 2023, Cheerwin performed mock recalls for six products and recalled nearly 5,000 products within 48 hours, with recall deviations controlled within 0.1%. No actual product recalls occurred by the Company during the Reporting Period.

### Product Recall Process



## • Building a Quality Culture

Cheerwin attaches great importance to the building of a quality culture, and actively organizes quality culture-themed publicity activities to strengthen the atmosphere of the quality culture and enhance the awareness of quality and safety. During the Reporting Period, we rolled out a series of activities for the Quality Month under the theme of “Implementing the strategy of building a stronger company by quality and promoting the continuous improvement in quality”, and combined education with fun, organized training and assessment, and surprise inspections and so forth to comprehensively enhance the quality management capability of our staff.

### Quality Month Series Activities

#### Quality oath



Each workshop is required to take an oath on the quality at the weekly pre-shift meeting, in order to strengthen the quality awareness of the staff in each workshop and promote the significance of Quality Month.

#### Online quiz



We spread the knowledge of quality objectives and quality standards to enhance the quality awareness of all staff.

#### Inspection on in-stock finished goods



During a random inspection on in-stock finished products, no abnormality was found in the 12 batches of products sampled.



## I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

### Skills competition in quality control and testing



In order to strengthen the standardization of daily quality work of quality control/testing staff, we called together staff to review and learn the relevant system documents on quality management, and held a special skills competition.

### Quality pioneers



We organized a professional skills competition on product packaging speed, product document proofreading, product packaging quality, product packaging quality, carton quality, product sealing quality, product stamping quality and more.

### Quality troubleshooting



We set up 4 mini games and incorporated the quality control points and defects in the daily production process into the games, improving the quality awareness and quality skills of staff via fun activities.

### Quality training assessment



Training was launched on the *Pesticide Management Regulations*, the *Quality Regulations* and the *Product Quality Cases in 2023*, after which staff in the relevant positions was assessed and all passed the assessment.

### Quality hazard and risk detection activities



A total of 54 potential hazards were identified. To effectively improve product quality, we conducted investigations on quality defects and risks and arranged respective special discussion meetings for proper rectification.

### Simulated unannounced inspection



We inspected pesticide production, packages, packaging equipment and facilities, etc. for the purpose of certification and review.



## I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

In addition, as active response to the annual World Consumer Rights Day on 15 March, we organize a series of activities around topics including product quality risk investigation, quality and safety inspection of products in stock, self-inspection of pesticide production, national random inspection, and unexpected quality incidents, which strengthened the atmosphere of our quality culture and enhanced the ability of our staff to investigate and handle risks and hidden hazards, and their ability to deal with quality complaints.



15 March series activities





# I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

## 1.3 QUALITY SERVICE

Cheerwin always adheres to the concepts of responsible marketing, excellent customer service and strict privacy protection, with a view to creating a safe, convenient and enjoyable shopping experience for consumers, continuously enhancing the brand value, and winning the trust and satisfaction of consumers.

### • RESPONSIBLE MARKETING

Responsible marketing is at the heart of our quality service delivery. Every marketing campaign carries a commitment and responsibility to consumers. We always ensure the accuracy and truthfulness of our publicity information and avoid any misleading and fraudulent conduct. Additionally, we actively communicate our brand values to consumers and strive to promote the healthy and orderly development of the market.

#### ✓ Advertising and Publicity

In strict compliance with the relevant laws and regulations including *the Advertising Law of the People's Republic of China* and *the Anti-Unfair Competition Law of the People's Republic of China*, we formulated internal management policies, optimized our brand promotion procedures, and strengthened the management of information disseminated externally to ensure the accuracy, truthfulness and compliance of our product information.



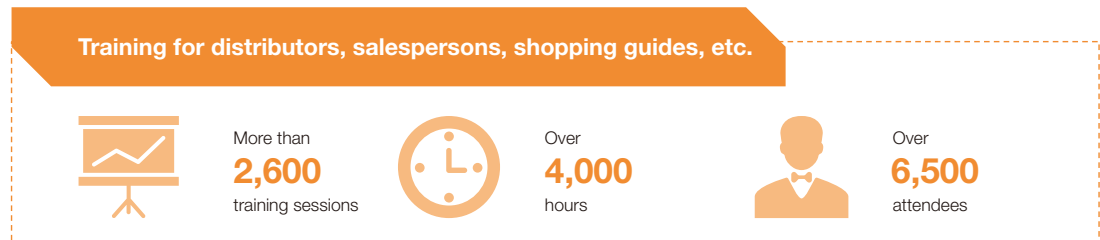
In addition, we strictly regulated the process of reviewing product packaging labels to ensure that the contents of product labels are accurate and meet product compliance and marketing requirements. During the Reporting Period, we rigorously scrutinized the contents of the information on packages of new products, including the main ingredients of the products, standards and legal compliance, which involved various departments such as the Innovation and R&D Center, the Legal Affairs Department, and the Technical Regulation Department, in a bid to ensure that the ingredients and performances of the products were in line with what we advertised.



# I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

## ✓ Marketing Activities

In order to ensure the legality and compliance of marketing activities, we launched a 2-hour training on the analysis of advertising and promotional laws for the e-commerce and pet business divisions, aiming to help employees gain an in-depth understanding of advertising and promotional laws and get aware of the possible legal risks from marketing activities. In the meantime, we actively spread the responsible marketing concept of Cheerwin to distributors, salespersons and shopping guides. During the Reporting Period, we organized training on product description, selling points, sales tactics and standards of developing products for our distributors, salespersons and shopping guides.



Marketing activities are not only the promotion and publicity of our products, but also an important bridge for us to establish a deep emotional connection with consumers and convey our brand values. We insist on a consumer-centered and demand-driven marketing strategy, striving to continuously shape and optimize our brand image through active and positive marketing activities to enhance consumers' awareness and trust in our products.

### 8-Hour Vewin Immersive Camping Experience



With a deep insight into the needs and pain points of campers, we adopted an innovative marketing approach to perfectly combine products of the insecticide and repellent brand Superb and outdoor camping, bringing consumers new product experience.

### All Naughty Family at TOPS



The Naughty family returned to the TOPS with an upgraded image as "Naughty fresh factory", providing consumers with immersive product experience while conveying Cheerwin's concern and commitment to the health and happiness of pets.



## I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

### ✓ Management of Cross-region Sales

Cross-region sales not only disrupts the market order, but also damages brand image and consumers' interests. In order to deal with the phenomenon of cross-region sales, we issued the *Management System for Cross-region Sales of Cheerwin Group*, which specifies the criteria for determining non-compliance and punitive measures, and strengthens the penalties for cross-region sales. In 2023, we effectively combated cross-region sales through such ways as regular inspections and market surveys, thereby sounding the alarm for potential violators.

### • CUSTOMER SERVICE

Cheerwin always adheres to the service philosophy of “customer first” and puts the needs, rights and interests of customers in the first place. We continue to improve our service process and enhance the comprehensive quality of our service team to ensure that every consumer can enjoy caring and efficient service experience.

We have established diversified communication channels to obtain timely and accurate feedback on our products from customers, ensuring that every interaction with our customers translates into positive value and we constantly optimize the customer experience. In terms of online channels, we have set up a special after-sales service hotline and designated professional customer service personnel to ensure that we can promptly receive and resolve consumers' after-sales problems. In terms of offline channels, our sales personnel actively contact customers and solve problems reported by customers according to the corresponding processes, based on the objective situation and severity of the problems, and subject to ensuring high efficiency. Moreover, we actively promote the standardization of customer service processes and regulate the mechanism for accepting and responding to consumer complaints, striving to learn from our experience and avoid the recurrence of similar incidents on the basis of the proper handling of customer complaints.

In 2023, we stepped up our efforts to identify the potential market complaints and laid down a market visit plan to get a realistic picture of the actual market situation. We investigated and identified the complaints and risks that had been received but not yet closed, and implemented list-type closed-loop management, requiring all complaint handling platforms to register and properly handle the complaints in a timely manner after receiving them, and handle them within no more than five days in principle. If a complaint is escalated, it must be reported to Cheerwin's operation safety management team in the first instance to ensure that the problem is resolved in a timely and effective manner. As at date of this Report, all complaints received during the Reporting Period were properly handled.



## I. INNOVATION-DRIVEN IMPROVEMENT IN QUALITY

- **Privacy Protection**

Cheerwin emphasizes the customer privacy protection and information security. In strict compliance with relevant laws and regulations including *the E-Commerce Law of the People's Republic of China*, *the Law on Protection of Consumer Rights and Interests of the People's Republic of China*, *the Personal Information Protection Law of the People's Republic of China*, *the Regulation on the Protection of Personal Information of Telecommunications and Internet Users*, and *the Data Security Law of the People's Republic of China*, we have formulated the *Measures on Management of Information Security* to strengthen the protection of consumer information and guard against the security risk in the field of data privacy.

We also value the importance to data security behavior control. According to the ISO 27001 international information security management system standard and the GB/T 22080-2016 national standard, we established data protection requirements and standards to ensure that our employees do not disclose consumer information during business operations. In addition, we use tools such as firewalls, anti-virus software, intrusion detection, intrusion protection, anti-leakage systems, and end-to-end security control software to provide technical support for data protection.

During the Year, we saw no major data leaks or no major information security incidents and received no complaints related to consumer privacy and data security.



## II. GREEN DEVELOPMENT FROM NATURAL RESOURCES

Cheerwin insists on green and low-carbon development and contributes to the protection of nature. We are actively responding to climate change, and incorporate the concept of green and low-carbon development throughout our production and operation. From the procurement of raw materials to the production of products to the disposal of waste, we strive to be environmentally friendly and low-carbon. Efforts were made to strengthen the building of a sustainability culture, make green the most beautiful base color of Cheerwin and inject green power into its sustainable development.

We actively set environmental goals and targets and regularly monitor their achievement. We continue to strengthen Cheerwin's environmental management capabilities by solidly upgrading the level of "three wastes" treatment, actively implementing energy conservation and emission reduction work, and continuously promoting the recycling of resources.

During the Reporting Period, no environmental incidents such as chemical leakage and improper disposal of hazardous waste occurred in the Group under the strict environmental management system and management process. Thanks to the continuous optimization and improvement of production facilities and processes, we saw a reduction in the intensity of environmental indicators such as greenhouse gas emissions, energy use, water resources, and non-hazardous waste discharge, and achieved most of our environmental targets for 2023. In 2024, we will continue to strengthen our environmental performance data management and optimization efforts to ensure the achievement of our environmental targets each year.

### 2.1 CLIMATE CHANGE

Climate change is a common challenge for all mankind, which not only affects the balance of the ecosystem, but also has a far-reaching impact on global economic and social development. Against this backdrop, Cheerwin deeply recognizes the importance of climate change to business operations and sustainable development.

In order to comprehensively assess the impact of climate change on Cheerwin, we have made reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to identify and analyze the physical and transition risks to Cheerwin arising from different climate change scenarios. We firmly believe that risk is both a challenge and an opportunity, and that effective management of climate change risk is the key to sustainable business development. Therefore, we continue to strengthen our ability to analyze and manage risks in the field of climate change, pay close attention to the latest developments in climate change, and make timely adjustments to our strategies and business models, in order to enhance our resilience to climate change and strengthen our economic resilience.



## II. GREEN DEVELOPMENT FROM NATURAL RESOURCES

Climate Change Risk (Level 1)	Climate Change Risk Item	Description of Major Impacts	Degrees of Impacts
Transition risks	Carbon pricing	<ul style="list-style-type: none"> <li>With the gradual improvement of China's carbon market trading, future trading in carbon emissions will have an impact on Cheerwin's business operating costs</li> </ul>	Moderate
	Policy and law	<ul style="list-style-type: none"> <li>Pressure from emission reduction policies</li> </ul>	High
	Product packaging	<ul style="list-style-type: none"> <li>Tightening policies on plastic/packaging containers in various countries may increase product packaging costs of Cheerwin</li> <li>As Cheerwin's processes improve, less plastics will be used or non-plastic materials will be adopted, which is in line with national policies and consumer habits, increasing our corporate value and sales</li> </ul>	High
	Technological innovation and product R&D	<ul style="list-style-type: none"> <li>As China tightens requirements for carbon emissions of enterprises, Cheerwin reduces greenhouse gas emissions by upgrading technologies, optimizing processes and installing new equipment. In the processes of technological investment and research and development, Cheerwin may encounter investment failure in new low-carbon environmental protection technologies</li> </ul>	Moderate
	Changing customer behavior	<ul style="list-style-type: none"> <li>Increasing consumers' awareness of carbon emissions and decreasing demand for products with high carbon emissions will lead to a decrease in revenue</li> <li>As Cheerwin improves its processes and launches low-carbon and environmental friendly products in a timely manner to meet consumers' purchase needs and increase revenue</li> </ul>	High



## II. GREEN DEVELOPMENT FROM NATURAL RESOURCES

Climate Change				Degrees of Impacts
Risk (Level 1)	Climate Change Risk Item	Description of Major Impacts		
	Changes in investor evaluation	<ul style="list-style-type: none"> <li>With climate change and investors' increasing expectations, Cheerwin will be affected accordingly if it cannot make timely improvements/upgrades</li> </ul>		Low
	Rising average temperature	<ul style="list-style-type: none"> <li>Rising temperatures will increase energy consumption and burden on workers, resulting in increased costs during operations</li> <li>As temperature increases, the frequency of daily cleaning increases, and so do the sales of Cheerwin's soap and cleaning products</li> </ul>		High
	Mosquitoes and other insects and infectious diseases	<ul style="list-style-type: none"> <li>Rising temperatures will lead to an increase in mosquitoes and other insects and related infectious diseases, resulting in sales increase of Cheerwin's products for repelling mosquitoes and other insects</li> </ul>		Moderate
Physical risks	Use of water resources	<ul style="list-style-type: none"> <li>Cost increases due to water shortages and deterioration of water quality</li> <li>Development of water-saving products and increased demand for products that consume no water may increase revenue</li> </ul>		Moderate
		Flood	<ul style="list-style-type: none"> <li>Flood will cause damage to materials while greatly affecting the supply chain, thus impacting the business</li> </ul>	Low
	Direct/indirect impacts due to abnormal climate	Typhoon/Hurricane	<ul style="list-style-type: none"> <li>Typhoon will have a serious impact on Cheerwin's production plant in Panyu, Guangzhou, such as damage to infrastructure/production equipment of climate, or impact on the production/transportation process of suppliers along the product supply chain, resulting in business interruption or other serious impacts due to insufficient product supply</li> </ul>	High





## II. GREEN DEVELOPMENT FROM NATURAL RESOURCES

### 2.2 GREEN PRODUCTION

Cheerwin always adheres to the principle of green and low-carbon development. We continue to improve our environmental and energy management systems and strengthen our internal management and control mechanisms to ensure that all environmental measures are effectively implemented. In the meantime, we have strengthened our emissions management efforts and continued to improve our energy and resource management, in an effort to minimize the environmental pollution and consumption of resources resulting from our production and operations.

- **Management System**

In strict compliance with laws and regulations including *the Environmental Protection Law of the People's Republic of China*, *the Environmental Impact Assessment Law of the People's Republic of China*, and *the Energy Conservation Law of the People's Republic of China*, we formulated stringent environmental and energy management methods, and actively pushed the relevant certifications in order to standardize the environmental and energy management work of our production bases. During the Reporting Period, both the Anfu production base and the Panyu production base successfully passed the ISO 14001 environmental management system certification and the ISO 50001 energy management system certification, which means that we are capable of effectively controlling environmental pollution, conserving resources and continuously improving our environmental performance in our production and operation activities.

**ISO 14001**  
environmental  
management system  
certification



**ISO 50001**  
energy management  
system certification



Anfu Plant

Panyu Plant



## II. GREEN DEVELOPMENT FROM NATURAL RESOURCES

To further accelerate the pace of setting up a green manufacturing system, we invited the Guangdong Cleaner Production Association to provide an in-depth and professional on-site training for our staff. A total of 40 colleagues participated in this training, which not only deepened their understanding of China's industrial green development policy, but also allowed them to more comprehensively grasp the core of China's green manufacturing system, laying a solid knowledge foundation for Cheerwin's future green and low-carbon transformation.



- 1 Policies and changes for China's industrial green development
- 2 Introduction of and suggestions on green manufacturing system in China
- 3 Demonstration standards and application procedures for China's green manufacturers
- 4 Evaluation elements for establishment of green manufacturing system
- 5 Achievements in domestic green manufacturing
- 6 Corporate ESG management training





## II. GREEN DEVELOPMENT FROM NATURAL RESOURCES

### • Emissions Management

Cheerwin attaches great importance to the management of emissions as an important part of maintaining ecological balance and promoting sustainable development. To minimize the impact of our operations on the ecological environment, we have strengthened the daily monitoring and supervision of emissions to ensure that all types of pollutants are handled effectively. During the Reporting Period, we completed the on-line reporting of environmental information on chemical substances and the archiving of our files, which aims to provide a clear and detailed data base for the treatment of the “three wastes”, and at the same time provide supporting information for the subsequent environmental management system and environmental labels.

### ✓ Wastewater Discharge and Air Emissions

We strictly abide by laws and regulations like *the Law on the Prevention and Control of Water Pollution of the People’s Republic of China*, *the Law on the Prevention and Control of Atmospheric Pollution of the People’s Republic of China*, *the Regulations on Urban Drainage and Sewage Treatment*, and *the Measures on the Administration of Pollutant Discharge Permits (Trial)*, and regularly inspect the wastewater and air emissions treatment facilities, and check and prevent the abnormalities of the equipment in advance, so as to ensure that wastewater discharge and air emissions meet the standards.

We established a real-time wastewater monitoring system to record and analyze the chemical oxygen demand (COD), ammonia and nitrogen (NH<sub>3</sub>-N), PH and flow data in wastewater, and submit the records to the environmental regulatory authorities. During the Reporting Period, our wastewater discharge complied with the relevant Integrated Wastewater Discharge Standard (GB 8978-1996). Additionally, we have effectively reduced the generation of wastewater by optimizing production schedules, modifying production processes and recycling wastewater.

We conduct annual environmental monitoring of air emissions at our Panyu and Anfu production bases, which are in compliance with the relevant emission requirements. During the Reporting Period, we proactively revamped our air emissions treatment facilities to reduce unorganized air emissions.

#### Optimization of production schedules

- Arranging the continuous production of the same category of products to reduce the amount of sewage generated as a result of washing machine for changing product categories
- Controlling wastewater to less than **10%** of total water consumption per month to reduce wastewater discharge

#### Wastewater recycling

- Recycling of treated water from the sewage station for flushing in public toilets and supplying water for dust removal in the spray tower of mosquito coil plant
- During the Reporting Period, a total of **4,767** tonne of wastewater was recycled

#### Upgrade of production processes

- Adding new drug storage equipment to reduce the frequency of cleaning filling equipment for changing product categories in the workshop, thus reducing the amount of wastewater generated

#### Upgrade of treatment facilities

- Upgrading dust and odor removal system in the mosquito coil workshop, and building a separate spraying room to realize centralized treatment of unorganized emissions

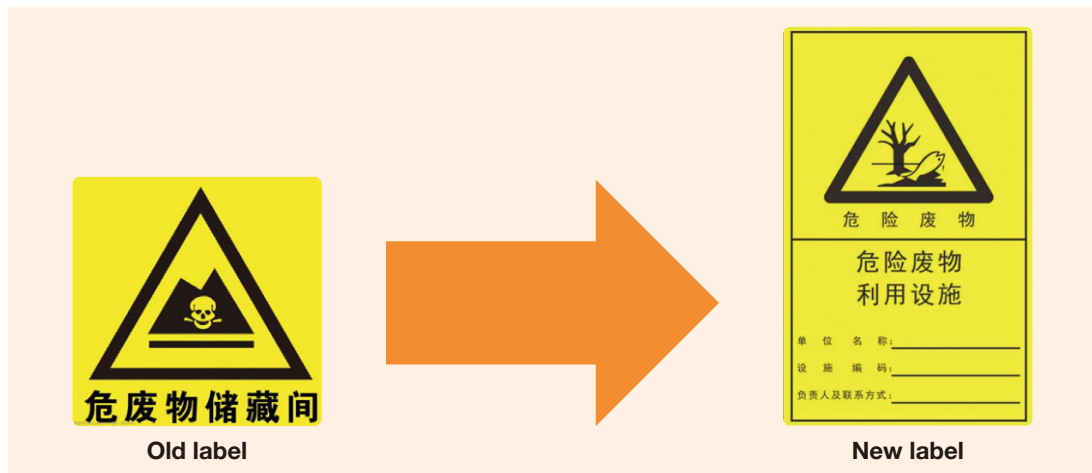


## II. GREEN DEVELOPMENT FROM NATURAL RESOURCES

### ✓ Waste Management

We strictly comply with laws and regulations like the *Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China* and have formulated internal management methods, such as the *Procedures for the Treatment of Solid Waste and Wastewater from Washing and Sterilization*, to specify the management standards for the discharge of solid waste and standardize its operating procedures at key parts such as collection, storage and treatment. We require solid waste to be collected centrally and handed over to a professional third party for disposal.

During the Reporting Period, in order to enhance staff awareness of hazardous waste management, we set up a solid waste management ledger in each department to register in detail the hazardous wastes generated in the department, and designated staff to manage them. For warning labels on hazardous waste, we have added new columns for unit name, facility code, responsible person and contact details to ensure that the handling of hazardous waste can be traced back to the relevant departments and responsible persons.



## II. GREEN DEVELOPMENT FROM NATURAL RESOURCES

- **Energy and Resource Management**

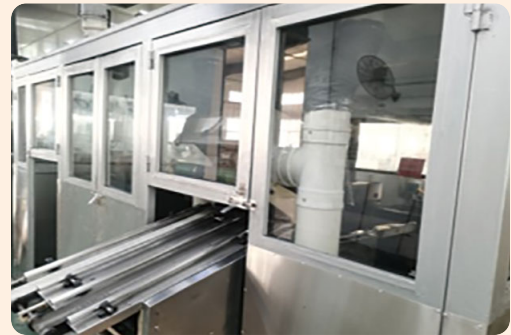
In order to continue promoting green production, Cheerwin has been upgrading and transforming its production processes, improving the efficiency of resource recycling, and actively exploring green packaging solutions.

- ✓ **Energy Management**

We are constantly upgrading our energy management to improve resource efficiency and reduce carbon emissions. During the Reporting Period, we gradually replaced 50 streetlights at our Anfu production base with solar streetlights, which was expected to save 14,600KWh of electricity per year. We optimize production processes and modify production equipment to increase line capacity and reduce unnecessary energy waste.

### Anfu Plant

- **Energy conservation transformation for the air compressor:** Adding an inverter and an automatic control system to reduce the no-load rate of air compressor from 28% to **11.5%**
- **Energy conservation transformation for the dispenser:** Effectively collecting the dust produced by the suction fan in the dispenser and leading it out to the indoor dust removal system, improving the working environment of employees, and reduce the system operating power by **36KW**



### Panyu Plant

- **Energy conservation transformation for the air compressor:** Adding an intelligent energy-saving air compressor to supply compressed air, which can automatically adjust the operating speed of the motor in combination with changes in air consumption, thus avoiding ineffective operation of the air compressor, further improving the efficiency of energy utilization, and reducing the cost of air supply by **10%**





## II. GREEN DEVELOPMENT FROM NATURAL RESOURCES

### ✓ Resource Recycling

We continue to explore and practice innovative ways of recycling resources to achieve a more environmentally friendly and sustainable production process. In 2023, the four suppliers in our industrial park fully used recycled bamboo baskets for product packaging, ensuring 100% recycling of packaging materials. At the same time, we have been actively promoting the recycling of solvent drums and expanding the coverage of recycled solvent drums. On the basis of last year, we added 180 recycling drums for C14-16 sodium olefin sulfonate and C12-14 alkyl glycoside solvents to effectively reduce the consumption of solvent drums.

### 2.3 GREEN OPERATION

Cheerwin, an active advocate of green office, is committed to promoting the practice of green logistics, aiming to work together with employees and partners to contribute to sustainable development.

#### • Green Office

Cheerwin continues to build a sustainable corporate culture, so that the concept of green and low-carbon development is deeply rooted in the hearts of every employee. We actively carry out publicity activities to raise environmental awareness by not only posting energy-saving and paper-saving tips in the office area, but also setting up facilities such as recycling bins for used batteries and baskets for secondary paper collection, so as to strengthen the environmental awareness of our employees in a subtle way, motivate them to consciously develop environmental habits, and jointly contribute to sustainable development. During the Reporting Period, we also designed an innovative eco-friendly mineral water bottle to encourage people to cherish water resources.



## II. GREEN DEVELOPMENT FROM NATURAL RESOURCES



### Energy conservation management for air conditioners

- Formulating the *Rules on Management of Use of Air-conditioning* and designating persons-in-charge to control the switch and temperature setting of air conditioners to reduce unnecessary energy wastage



### Posting green tips

- Posting eco-friendly tips in key areas, such as a reminder of “bringing your own cup instead of a paper cup” at the coffee machine; Posting temperature setting reminder next to air conditioners’ switch panel



### Waste battery recycling

- Collecting waste batteries in offices and entrusting a third-party professional agency for treatment



### Reducing paper use

- Launching tendering system for paperless invitation of tenders
- Advocating printing on both sides to reduce paper waste
- Placing a secondary paper collection box near the duplicator to maximize the use of resources



### Eco-friendly mineral water bottle design

- The bottom of the bottle is designed with the slogan “Mark your water bottle, take it away if you can’t drink it out” to advocate the cherishment of water resources





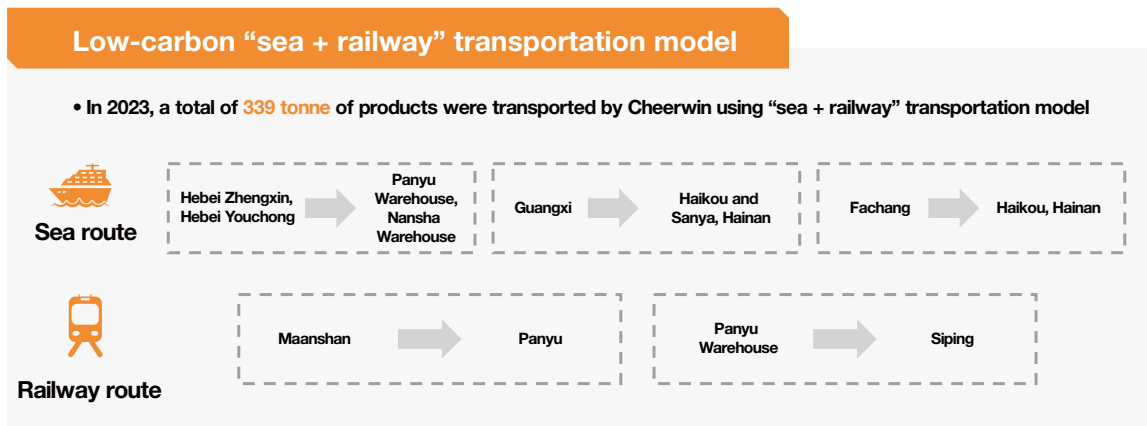
## II. GREEN DEVELOPMENT FROM NATURAL RESOURCES

- **Green Logistics**

Cheerwin actively promotes the development of green and low-carbon logistics. In 2023, we reduced CO2 emissions by shortening transportation distances through measures such as increasing the direct delivery rate, promoting local purchasing, reducing the redeployment of abnormal rework, and optimizing plant layouts and transportation routes.

Increase in direct delivery rate	Promoting Localized Purchasing	Optimizing distribution of plants
<p>Direct delivery of <b>15,162 tonne</b> of sterilization and disinfection products can shorten transportation distances by an average of <b>230km</b> and reduce carbon emissions by an estimated <b>48.6 tonne</b></p>	<ul style="list-style-type: none"> <li>• Increasing the local supply of Superb solid incense bottles from Anfu Cheerwin and shortening the transportation distance of the bottles by <b>600 kilometers</b></li> <li>• Introducing domestic mosquito repellents to replace imported ones from Germany to shorten transportation distances</li> </ul>	<p>We purchased additional equipment near our processing plants in eastern China to produce toilet bottles and shorten transportation distances:</p> <ul style="list-style-type: none"> <li>• Toilet Bottle (900g): Shortening transportation distances by <b>1,100km</b> compared to the supply of bottles in Guangdong</li> <li>• Toilet bottle (500g): Shortening transportation distances by <b>150km</b> compared to the supply of bottles in eastern China</li> </ul>

We continued to explore low-carbon transportation methods and actively try the “sea + railway” transportation model on top of land transportation, covering products such as cat litter, household cleaning and disinfection products.





# III. PEOPLE-ORIENTED AND BRIGHT FUTURE

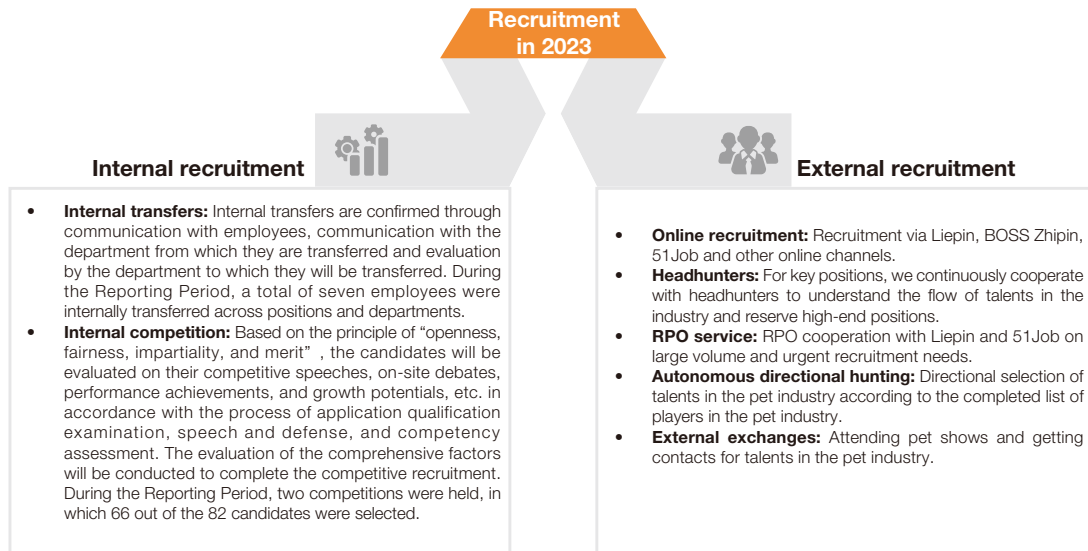
Talent is the key element for Cheerwin to realize steady development, and is an important guarantee for Cheerwin to achieve sustainable development. We have always adhered to the “people-oriented” employment concept, attracting and fostering talents with an open, equal and inclusive attitude, and protecting the legitimate rights and interests and development needs of our employees through sound systems. We are responsible for creating a healthy and safe working environment and a broad development space for our employees. We grow together with them, create value, and forge a bright future.

## 3.1 EMPLOYMENT

Cheerwin strictly complies with laws and regulations including the *Labor Law of the People’s Republic of China* and the *Labor Contract Law of the People’s Republic of China*, and has formulated and continuously optimized internal rules and regulations such as the *Human Resources Planning Management System*, *Recruitment Management System*, *Employee Welfare Management System*, and *Employee Separation Management System*, to establish a perfect management system and protect the legitimate rights and interests of employees in the areas of equal employment, remuneration and benefits, and career development.

Cheerwin clearly prohibits child labor and forced labor, and shows respect for the reasonable labor time and wishes of employees. In the event of any child labor or forced labor, we will take timely action to hold the relevant responsibilities. No labor violations occurred in us during the Reporting Period.

We respect employee differences, protect the equal rights and interests of employees of different ethnic minorities, religions, ages, marital statuses, disabilities, and nationalities, and encourage a diverse working environment for our employees. During the Reporting Period, we brought in outstanding talent to Cheerwin through a combination of internal and external recruitment.

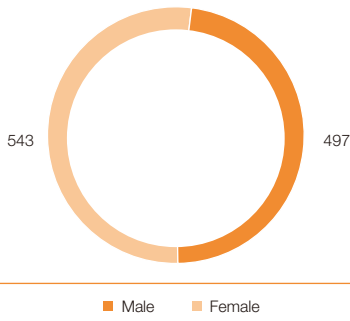




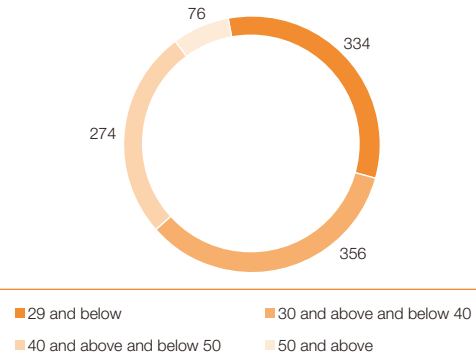
### III. PEOPLE-ORIENTED AND BRIGHT FUTURE

As at 31 December 2023, the Group had a total of 1,040 employees, all of whom were full-time employees. There were 543 female employees, accounting for 52.21%; there were 49 senior managers, of whom 15 were women, accounting for 30.61%; there were 24 ethnic minority employees and 11 disabled persons. During the Reporting Period, the total employee turnover rate was 25.71%.

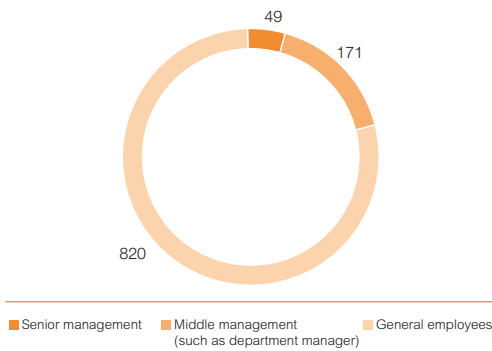
**By gender**



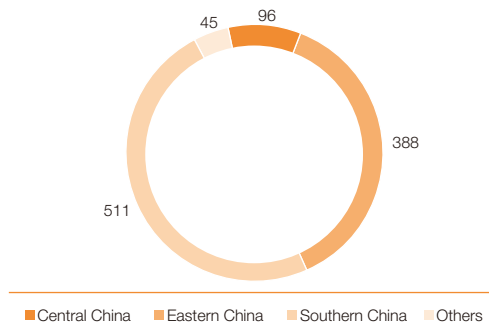
**By age group**



**By rank**



**By geographical region**





### III. PEOPLE-ORIENTED AND BRIGHT FUTURE

#### 3.2 TALENT DEVELOPMENT

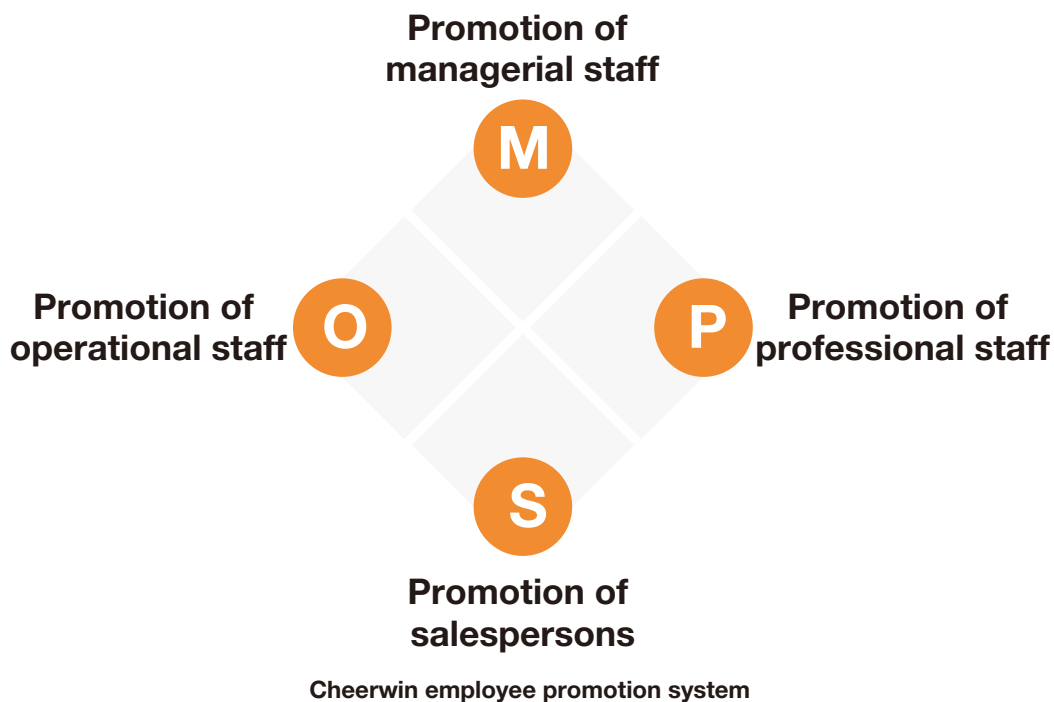
Cheerwin has always attached great importance to the development of talents, and has established a clear and smooth career development channel and promotion mechanism for its employees. At the same time, we have established a sound talent training system, covering all levels from ordinary employees to management, which enables employees to develop their abilities more clearly and realize self-improvement.

- **Employee Promotion**

Cheerwin has established a unified performance management system and employee promotion mechanism, adhering to the principle of fair incentives, and emphasizing performance output by matching employee capabilities with job requirements.

During the Reporting Period, we updated the *Employee Performance Management System* and issued the *Notice on Organizing the Annual Performance Appraisal for 2023* to arrange the annual performance appraisal. We have set different appraisal cycles and appraisal processes according to different job attributes and ranks. The appraisal cycles are mainly divided into monthly and annual appraisals, and the appraisal processes will give employees correct feedback on their performance results in a scientific and intuitive approach. Meanwhile, we have made provisions for appeals against assessment results to ensure fairness and impartiality.

In terms of employee promotion, Cheerwin continues to carry on the staff promotion rules of previous years and has formulated the Summary of M/P/S/O Employee Promotion and Pay Rise Review Standards for the four major categories of employees, namely management (M), professional (P), sales (S) and operation (O), to provide employees at all levels with promotion opportunities based on a comprehensive evaluation from culture, values, performance and competency.





### III. PEOPLE-ORIENTED AND BRIGHT FUTURE

- **Employee Training**

As the growth of talents is the inexhaustible driving force of Cheerwin's development, we encourage our employees to improve their academic qualifications and professional skills. To this, Cheerwin has formulated its own internal *Training Management System* and established a sound talent training system covering all levels from general staff to management.

Relying on the Cheerwin Academy, Cheerwin provides three major types of training for staff at different stages, levels and departments, covering induction training, professional upgrading training and management upgrading training, so as to enable staff to continuously gain and grow to satisfy the Group's ever-increasing business needs. During the Reporting Period, Cheerwin organized a total of 15 staff training activities. We also plan to enrich the training content and work together with our employees to make progress.



**2023 Cheerwin employee training contents**





### III. PEOPLE-ORIENTED AND BRIGHT FUTURE



**In-house training on from strategy to execution**



**Sharing session on cat litter production process and factors affecting product quality**



**Graduate employee training**



### III. PEOPLE-ORIENTED AND BRIGHT FUTURE

#### 3.3 HEALTH AND SAFETY

Cheerwin has always strictly complied with national laws and regulations like *the Production Safety Law of the People's Republic of China* and *the Law on Prevention and Treatment of Occupational Diseases of the People's Republic of China*, and has put the health and safety of its employees in the first place. We continue to improve our internal policies such as the *Occupational Health Management System*, the *Code of Safe Conduct for Employees*, and the *Safe Operating Procedures for Site Operations*, and implement our internal management processes to optimize our occupational health and safety management system. At the same time, we care about the physical and mental health of our employees and endeavor to create a safe and healthy working environment for them by providing a wide range of caring measures.

During the Reporting Period, Cheerwin's Anfu Cheerwin and Panyu Cheerwin passed the certification of ES+EnMS management system from a third-party certification company, and continued to improve our management methods and management level in EHS and energy. During the accreditation process, both Anfu Cheerwin and Panyu Cheerwin also passed the recertification of ISO 45001 Occupational Health and Safety Management System in January 2023.



Occupational Health and Safety Management System Certification



### III. PEOPLE-ORIENTED AND BRIGHT FUTURE

- **Safe Production**

Cheerwin established a perfect EHS production safety management system and formulated more than 230 internal management systems. By clarifying the right of production safety management and the person responsible for production safety in each factory and each branch and subsidiary, Cheerwin requires all employees to complete the signing of the letter of safety responsibility, aiming to achieve the goal of “zero accident” in production.

We have set up a mechanism for identifying potential safety hazards and conduct special inspections on our production bases on a daily, weekly and monthly basis. Once any safety issues are identified, we require the relevant responsible parties to carry out rectification and give a reply to problems. During the Reporting Period, Cheerwin’s production bases organized and investigated dozens of safety hazards and completed all the corrections to further facilitate continuous high-quality production. In addition, we also strictly regulate the operating procedures of our employees in all aspects of the on-site production process to prevent safety accidents. In the past three years, no work-related injuries occurred in Cheerwin.

In June 2023, Cheerwin organized and carried out activities such as training on the *Production Safety Law*, dynamic publicity on safety management, practical operation and competition on fire-fighting skills, response to public security emergencies, emergency drills on environmental protection in warehouses, and micro-video competition on safety creativity, so as to comprehensively enhance the awareness of employees on work safety and strengthen their ability to cope with emergencies, and to avoid the negative impacts on the health and safety of employees caused by the possible occurrence of safety accidents. During the Reporting Period, we even put forward the requirements related to production safety for OEM processing factories, and partnered with various OEM factories to organize a variety of production safety training and exercise activities, to further ensure the production safety and fulfill the social responsibility.



**Safety Month training**



**Fire safety knowledge training**



### III. PEOPLE-ORIENTED AND BRIGHT FUTURE

- **Employee Health**

In terms of employees' health, Cheerwin continuously pays attention to the physical and mental health of its employees, and actively provides various health services to help raise employees' awareness of their own health management and reduce health risks.

In offices, we are equipped with fire hydrants, fire extinguishers, gas masks, smoke detectors and other fire fighting equipment and facilities in accordance with fire fighting requirements to protect the health and safety of our employees in case of emergencies.

We insist on establishing occupational health management files for our employees, and actively carry out in-service occupational health checkups and annual health checkups, as well as monitoring of occupational hazards, to protect our employees from occupational diseases. We also provide our employees with access to commercial insurance optional plans to help them identify health problems and take appropriate action.

#### 3.4 EMPLOYEE CARE

Cheerwin is "people-oriented" and cares about the working life of its employees. We enrich the spare-time life of our employees through a variety of sports activities, festivals and holidays to enhance their sense of well-being.

- **Compensation and Benefits**

Based on the needs of employees, Cheerwin endeavors to establish a reasonable and perfect remuneration and incentive system by formulating internal management systems such as the *Employee Welfare Management System* and the *Social Security and Provident Fund Management System*. At present, Cheerwin provides employees with eight benefits, including social security, paid leave and employee health benefits.



**Cheerwin benefits system**



### III. PEOPLE-ORIENTED AND BRIGHT FUTURE

- **Employee Communication**

Cheerwin provides diversified communication and feedback to all employees, and strives to create a relaxed and harmonious working atmosphere internally, so that employees can truly participate in the development of the Company and express their own opinions. To this, we actively enhance the quality and increase the efficiency of communication with employees through interviews, DingTalk work platform, job fair, reporting meetings, planning meetings, sales mobilization meetings, kick-off meetings, etc., listen to employees and encourage them to actively express their opinions and ideas.

#### 2nd Anniversary of Listing of Cheerwin

On 10 March 2023, marking the 2nd anniversary of Cheerwin's official listing on the Stock Exchange, we hosted a creative "CHEER" anniversary celebration at our headquarters, while looking forward to 2023 and the Company embarks on a new journey.





### III. PEOPLE-ORIENTED AND BRIGHT FUTURE

- **Employee Activities**

Cheerwin focuses on the work-life balance of its employees and strives to create a relaxed, happy and harmonious working atmosphere. During the Reporting Period, we organized sports and club activities, festive cultural events, among others to motivate employees to get involved, enhance the intimacy among them and their sense of belonging and enrich their life.



**Mother's Day**



**Thanksgiving**



**Family parent-child activity**



**Badminton club**



**Employee birthday party**





## IV. RESPONSIBLE ECOSYSTEM AND HARMONIOUS SOCIETY

Cheerwin strives to establish long-term, stable, and mutually beneficial partnerships with suppliers, distributors, and other social partners to jointly build its sustainable ecological supply chain, and further realize its strategic goal of “multi-brand and multi-category progressive development to meet varying demands of different consumers”. In the course of our own development, we fully utilize our corporate strengths to actively participate in public welfare undertakings, care for the underprivileged groups in the community, and promote community development to create a harmonious society.

### 4.1 PARTNER RESPONSIBILITY

- **Supplier Management**

Cheerwin formulated supplier management and assessment systems such as Rules for the *Management of Acquisition and Selection of Suppliers*, the *System for Daily Management of Suppliers*, and the *Supplier Performance Assessment Management System*, which effectively manages the whole cycle of suppliers from entry to exit, and optimizes the management mechanism for common development.

For formal suppliers, we classify suppliers into strategic suppliers, centralized suppliers, bottleneck suppliers and ordinary suppliers, and determine the corresponding periodic review schemes for different levels of suppliers. In order to promote the continuous improvement in the sustainable development performance of our suppliers, we take into full consideration the risk screening in financial status, environmental protection and social responsibility in the supplier selection and assessment process, so as to reduce the level of risk in the supply chain. As at 31 December 2023, the Group had a total of 238 suppliers.



In order to have a more comprehensive grasp of supplier information and maintain timely and effective communication with suppliers, Cheerwin put into use the SRM (Supplier Relationship Management) procurement management system during the Reporting Period and launched modules such as order shipment reconciliation, supplier performance management, and e-signature on procurement contracts to improve the efficiency of procurement. At the same time, Cheerwin has introduced a bidding system to realize paperless bidding invitation, which can save more than 200 kilograms of paper annually and promote anti-corruption management in the procurement process.



## IV. RESPONSIBLE ECOSYSTEM AND HARMONIOUS SOCIETY

- **Supplier Cooperation**

Cheerwin values the relationship with suppliers and promotes exchanges between the two sides through a number of supplier activities to build a win-win relationship. During the Reporting Period, the factory-in-factory plan at our Anfu industrial park was further implemented, giving us a great advantage in cooperation with our suppliers. The plan enhances the partnership between the two parties, greatly protects the stability of the supply chain, and shortens transportation distances and reduces unnecessary use of packaging materials.

Furthermore, through visits to suppliers' factories, product sharing and exchange sessions, and supplier strategy meetings and more, we have strengthened communication and cooperation with suppliers to jointly seek more efficient and greener solutions for our products to promote mutual growth.



**Visiting suppliers' factories to learn about the process of plastic bottles and pump packaging materials**



**Inviting suppliers to our Company to share and exchange the trend of each type of fragrance and the latest regulatory knowledge**

## IV. RESPONSIBLE ECOSYSTEM AND HARMONIOUS SOCIETY

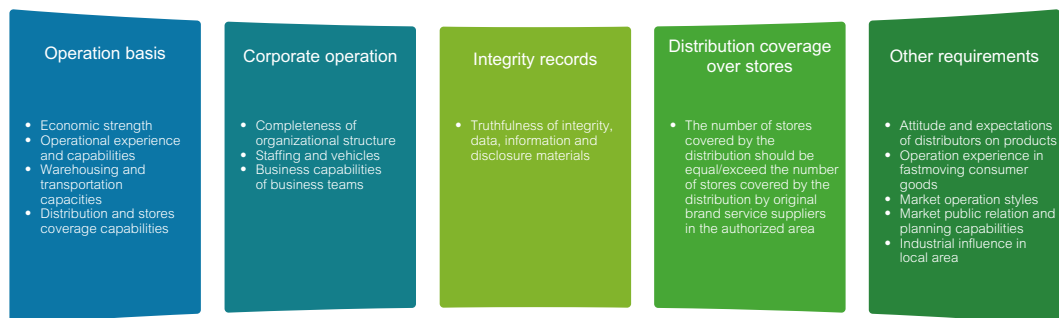
### 2023 Quality, Production Summary and 2024 Work Requirement Meeting

In October 2023, the Group held the 2023 Quality, Production Summary and the 2024 Work Requirement Meeting, which summarized the quality of relevant products of Cheerwin and the production of various categories of products, evaluated the operation of plants and suppliers as a whole, and put forward the quality requirements and the production management requirements in 2024. At the same time, views were shared and exchanged with suppliers on factory management experience, new trends and co-creation of management rules that match pesticide regulations, safety situation and risk prevention of manufacturers under the new normal state.



#### • Distributor Management

Cheerwin has formulated the distributor operation and management rules, striving to standardize the management in the introduction of distributors, competence training, daily supervision, assessment, etc., and establish a long-acting management mechanism between Cheerwin and its distributors. As at 31 December 2023, the Group had a total of 1,136 distributors.





## IV. RESPONSIBLE ECOSYSTEM AND HARMONIOUS SOCIETY

For approved distributors, Cheerwin conducts account opening and closing management, regional adjustment management, routine business management, operation management and other work to promote the internal transformation and upgrading of distributors. During the Reporting Period, Cheerwin optimized its internal *Management System for Cross-region Sales*. It conducted strict investigation into cross-region sales and increased penalties in 2023, in order to further regulate the behavior of distributors, maintain the healthy and stable development of the market, and create a fair, reasonable and favorable business environment.

In terms of sales channels, Cheerwin focused on the expansion of campus and CVS channels during the Reporting Period. In 2023, Cheerwin boosted its distribution to 2,857 stores in the campus channel, representing an 84% increase in distribution stores, and added 39 new CVS systems. Moreover, with the changes in market demand and operation model, Cheerwin cooperates with platforms such as Meituan, Taoxianda and Ele.me to enhance its home delivery business and realize the multi-faceted reach of its products to consumers.

- **Distributor Empowerment**

Cheerwin constantly explores a win-win path with our distributors. We help our distributors improve their business capabilities through training and the establishment of distributor assistance programs.

### Distributor Training

Cheerwin organized training on product introduction, selling points, marketing terms and standards, among others, for distributors, salespersons and shopping guides. During the Reporting Period, we organized more than 2,600 training sessions, with more than 4,000 training hours and more than 6,500 attendees.



### Team Training Campaign

During the Reporting Period, we guided and helped brand service providers to build model areas and stores through the sales team training campaign and disseminated them to customer groups, showing their enthusiasm and driving brand service providers to quickly start creating stores. The team training covers 71 sales regions across the country, with as many as 282 training routes.





## IV. RESPONSIBLE ECOSYSTEM AND HARMONIOUS SOCIETY

During the Reporting Period, Cheerwin continued to carry out projects to upgrade distributor stores, including disinfection stores, standard household stores, model markets and first stores, to accelerate the turnover of products from distributors and terminals and assist distributors in achieving their sales volume targets, thereby further increasing the sales volume of the Company's products.



### 4.2 SOCIAL WELFARE

Social welfare embodies Cheerwin's core values, and is also an important way for us to give back to the society and spread warmth. We have been actively participating in various public welfare activities, paying attention to the needs of the vulnerable groups, and striving to contribute to the harmonious development of society. During the Reporting Period, Cheerwin donated disinfection and sterilization supplies, pet food and other materials worth over RMB 1 million to the society.





## IV. RESPONSIBLE ECOSYSTEM AND HARMONIOUS SOCIETY

### • Charity Donation

Cheerwin is highly concerned about social dynamics and actively participates in social welfare undertakings. We have taken timely measures to fulfill our corporate social responsibility.

#### Rainstorm and Flood Disaster Response

In August 2023, due to multiple factors such as typhoons, many provinces and municipalities in China suffered from rare torrential rain and flooding, and infrastructure in many areas was severely damaged. Factors such as the aftermath of floods and hot and humid weather can lead to an increased risk of the occurrence and spread of natural focus infectious diseases.

In Hebei, Cheerwin quickly inventoried cleaning and disinfecting products such as Vewin 84 disinfectant liquid and Rikiso floral water, which were delivered to Zhuozhou through Taobao by using technical methods. The move was well received by people in the disaster-hit area, who also recognized the efficacy of Cheerwin's products.



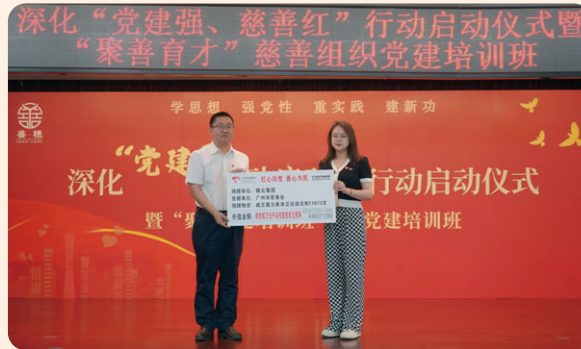
In addition, Cheerwin, together with seven customers, donated 7,677 cases of disinfectant valued at RMB 1.87 million to four provinces and municipalities (Beijing, Heilongjiang, Jilin and Hebei) that were more seriously affected by the torrential rains and floods, for the purpose of disinfection during the reconstruction of the affected areas and the distribution and disinfection of clinics in the downstream affected areas.



## IV. RESPONSIBLE ECOSYSTEM AND HARMONIOUS SOCIETY

### Charity Donation of Sterilization Products

We donated a batch of Vewin Magic Fruit Bathroom Cleaner to the Guangzhou Charity Federation to support the charitable cause in a practical way.



In addition, Cherwin also donated sterilization and disinfection products to the 10th Canton Tower Run Up, hoping to promote the prosperous development of the sports industry, drive the sustainable growth of the city's economy and enrich people's cultural life.







## IV. RESPONSIBLE ECOSYSTEM AND HARMONIOUS SOCIETY

### Public Welfare Activities

Cheerwin has actively carried out a series of public welfare activities to popularize professional knowledge and spread positive energy to the society.

#### Fun Charity Walk on Prevention of Mosquito-borne Diseases

On 7 May 2023, the Party branch of Cheerwin joined hands with the Party committee of Liby to launch a public welfare science education activity themed on “Prevention of mosquito-borne disease spreading”. Under the real outdoor scene in Baiyun Mountain and the pro-people form of “stall”, Superb mosquito station that integrated science education, fun and interactivity was provided to the public.



Science education for mosquito-borne diseases



Mosquito emergency station



Mosquito repellent gift pack

In this public welfare activity, Cheerwin helped the public enhance their awareness of mosquito prevention and grasp the scientific and correct anti-mosquito means through science education for mosquito-borne diseases, mosquito emergency station and mosquito repellent gift packs, etc., based on the professional science education and the hard power of products.

#### Education on Mosquitoes Prevention

Cheerwin teamed up with Chinese National Geography to produce a short film called “Nature teaches mosquitoes a lesson” to show the public mosquito repellent masters and wisdom hidden in nature in a fun way, and find a binding point between their ways of dealing with mosquitoes and social phenomena and personalities encountered in daily life to close the distance between consumers and the public, and call for the “emphasis on mosquito repellent protection and prevention of mosquito-borne diseases”, and also better convey Vewin’s development philosophy of “natural, safe, and effective products” to the consumers.





# APPENDIX I: TABLE OF ESG KPIS

## ENVIRONMENTAL KPIS

KPIs		Unit	2022	2023
<b>A1. Emissions</b>				
<b>A1.1 The types of emissions and respective emissions data</b>				
Wastewater Discharge	Total wastewater discharge	Tonne	45,411.00	<b>17,401.00</b>
	Total wastewater discharge intensity	Tonne/RMB million	31.49	<b>10.77</b>
Air Emissions	Sulfur oxides	Kg	0.06	<b>0.13</b>
	Nitrogen oxides	Kg	37.09	<b>82.98</b>
	Particulate matters	Kg	2.73	<b>6.11</b>
	Volatile organic compounds	Tonne	81.25	<b>0.01</b>
<b>A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity</b>				
Greenhouse gas emissions	Scope 1 greenhouse gas emissions	tCO <sub>2</sub> e	14.36	<b>14.42</b>
	Scope 2 greenhouse gas emissions	tCO <sub>2</sub> e	985.29	<b>1,011.70</b>
	Total greenhouse gas emissions (Scope 1 + Scope 2)	tCO <sub>2</sub> e	999.64	<b>1,026.12</b>
	Greenhouse gas emission intensity	tCO <sub>2</sub> e per RMB million	0.69	<b>0.64</b>
<b>A1.3 Total hazardous waste produced and intensity</b>				
Hazardous waste	Total hazardous waste produced	Tonne	2.63	<b>4.13</b>
	Hazardous waste intensity	Kg/RMB million	2.07	<b>2.56</b>
<b>A1.4 Total non-hazardous waste produced and intensity</b>				
Non-hazardous waste	Total non-hazardous waste produced	Tonne	288.00	<b>274.72</b>
	Non-hazardous waste intensity	Kg/RMB million	199.70	<b>170.00</b>



## APPENDIX I: TABLE OF ESG KPIS

KPIs		Unit	2022	2023
<b>A2. Use of Resources</b>				
<b>A2.1 Direct and/or indirect energy consumption by type</b>				
Direct energy use	Gasoline	Liter	3,972.00	8,886.00
	Diesel	Liter	1,977.30	1,660.00
Indirect energy use	Total electricity consumption	kWh	1,872,644.90	1,922,843.74
Energy consumption	Direct energy consumption	Tonne of coal equivalent	6.83	6.88
	Indirect energy consumption	Tonne of coal equivalent	230.15	236.32
	Total energy consumption	Tonne of coal equivalent	236.98	243.20
	Energy consumption intensity	Tce/RMB million	0.16	0.15
<b>A2.2 Water consumption in total and intensity</b>				
Water resources	Total water consumption	Tonne	62,518.00	28,268.99
	Reclaimed water use	Tonne	8,058.00	7,041.00
	Water consumption intensity	Tonne/RMB million	43.35	17.49
<b>A2.3 Total packaging material used for finished products, with reference to per unit produced</b>				
Packaging materials	Total packaging materials	Tonne	2,179.60	2,419.00
	Packaging material intensity	Tonne/RMB million	1.51	1.49



## APPENDIX I: TABLE OF ESG KPIS

### Environmental data description:

- The environmental data, covering the period from 1 January 2023 to 31 December 2023, were collected from the Group's two plants, the Anfu Plant and the Panyu Plant, as well as the Group's headquarters office area in Guangzhou.
- The intensity of environmental data is calculated using the total amount in 2023 divided by the Company's revenue for that year in RMB million.
- The main sources of greenhouse gas emissions (Scope 1) are diesel and gasoline, and greenhouse gas emissions (Scope 2) are from purchased electricity. Greenhouse gas emissions are calculated with reference to *the Enterprise Greenhouse Gas Emissions Accounting and Reporting Guidelines – Other Industries (Trial)* published by the National Development and Reform Commission of the People's Republic of China.
- The direct energy sources include diesel and gasoline, and the indirect energy sources include purchased electricity. The energy consumption is calculated with reference to the national standard of *the People's Republic of China – GB/T 2589-2020 General Principles for Calculation of the Comprehensive Energy Consumption*.
- The non-hazardous wastes are office garbage and domestic garbage generated in the office area. The hazardous waste is mainly raw material packaging drums containing meperfluthrin mother liquid and dimefluthrin mother liquid. During the Reporting Period, Anfu Plant disposed of raw material packaging drums harmlessly, and the weight data was included in the harmless waste.
- The total water consumption statistics include water used for production at the Group's production bases and water used in barrels at the Group's headquarters office area in Guangzhou. The municipal water consumption of the Group's headquarters office area is not included in the statistics and disclosure for the Year as it is centrally managed by the building property and the water consumption cannot be measured separately. During the Reporting Period, water usage and wastewater discharge were significantly reduced as a result of the repair of leaks in the underground pipes at the Anfu production base.
- The air emission data mainly come from gasoline consumption of official vehicles and air emission monitoring data of the production bases. The emission data of the Panyu Plant are uniformly discharged, treated and centrally monitored by the industrial park, and the Group does not record the level and density of its emissions. The calculation of emissions from petrol consumption of official vehicles is based on the *How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* issued by the Stock Exchange.
- The packaging consumables are cardboard boxes and PET bottles used for product production.



## APPENDIX I: TABLE OF ESG KPIS

### SOCIAL KPIS

KPIs		Unit	2023
<b>B1. Employment</b>			
<b>B1.1 Total workforce by gender, employment type, age group and employee category</b>			
Total number of employees		Person	1,040
Gender	Male	Person	497
	Female	Person	543
Employment type	Full-time	Person	1,040
	Part-time	Person	0
Age group	29 and below	Person	334
	30 and above and below 40	Person	356
	40 and above and below 50	Person	274
	50 and above	Person	76
Employee category	Senior management	Person	49
	Middle management	Person	171
	General employees	Person	820
Geographical region	Central China	Person	96
	Eastern China	Person	388
	Southern China	Person	511
	Other regions	Person	45
Employee type	Disabled	Person	11
	Ethnic minorities	Person	24



## APPENDIX I: TABLE OF ESG KPIs

KPIs		Unit	2023
<b>B1.2 Employee turnover rate by gender, age group and geographical region</b>			
Annual employee turnover rate		%	25.71
Gender	Male	%	13.57
	Female	%	12.14
Age group	29 and below	%	12.21
	30 and above and below 40	%	8.57
	40 and above and below 50	%	3.50
	50 and above	%	1.43
Geographical region	Central China	%	1.56
	Eastern China	%	6.36
	Southern China	%	16.43
	Other regions	%	1.36
<b>B2. Health and Safety</b>			
<b>B2.1 Number and rate of work-related fatalities occurred in each of the past three years</b>			
Work-related fatalities	Rate of work-related fatalities	%	0% in 2021-2023
	Number of work-related fatalities	Person	0 in 2021-2023
<b>B2.2 Lost days due to work injury</b>			
Losses due to work-related injuries	Lost days due to work injury	Day	0 in 2021-2023



## APPENDIX I: TABLE OF ESG KPIS

KPIs		Unit	2023
<b>B3. Development and Training</b>			
<b>B3.1 The percentage of employees trained by gender and employee category</b>			
Gender	Percentage of male employees trained	%	45.81
	Percentage of female employees trained	%	54.19
Employee category	Percentage of senior management trained	%	1.98
	Percentage of middle management trained	%	29.42
	Percentage of general employees trained	%	68.6
<b>B3.2 The average training hours completed per employee by gender and employee category</b>			
Gender	Average training hours completed per male employee	Hour	0.50
	Average training hours completed per female employee	Hour	0.48
Employee category	Average training hours completed per senior management officer	Hour	0.73
	Average training hours completed per middle management officer	Hour	0.43
	Average training hours completed per general employee	Hour	0.51
<b>B5. Supply Chain Management</b>			
<b>B5.1 Number of suppliers by geographical region</b>			
Total number of suppliers		Supplier	238
Geographical region	Northern China	Supplier	8
	Central China	Supplier	25
	Northwestern China	Supplier	1
	Southern China	Supplier	132
	Eastern China	Supplier	71
	Northeastern China	Supplier	1
<b>B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented</b>			
Number of suppliers under review		Supplier	238





## APPENDIX I: TABLE OF ESG KPIS

KPIs		Unit	2023
<b>B6. Product Responsibility</b>			
<b>B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons</b>			
Product recalls	Percentage of products subject to recalls	%	0
<b>B6.2 Number of products and service related complaints received</b>			
Product complaints	Number of complaints about products and services	Complaint	264
<b>B7. Anti-corruption</b>			
<b>B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period</b>			
Corruption litigation	Number of legal cases regarding corrupt practices	Complaint	0



# APPENDIX II: LIST OF APPLICABLE LAWS AND REGULATIONS AND INTERNAL POLICIES OF CHEERWIN GROUP

Area	Major Laws and Regulations	Major Internal Policies
Environmental	Environmental Protection Law of the People's Republic of China	Environmental Protection Management Policy
	Environmental Impact Assessment Law of the People's Republic of China	Procedures for the Treatment of Solid Waste and Wastewater from Washing and Sterilization
	Law on the Prevention and Control of Water Pollution of the People's Republic of China	Rules on Management of Use of Air-conditioning
	Measures on the Administration of Pollutant Discharge Permits (Trial)	
	Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the People's Republic of China	
	Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China	
	Law on the Prevention and Control of Noise Pollution of the People's Republic of China	
	Regulations on Urban Drainage and Sewage Treatment Energy Conservation Law of the People's Republic of China	
Social	Labour Law of the People's Republic of China	Human Resources Planning Management System
	Labour Contract Law of the People's Republic of China	Recruitment Management System
	Social Insurance Law of the People's Republic of China	Probation Period Management System
	Interim Provisions on Wage Payment	Resignation Management System
	Production Safety Law of the People's Republic of China	Summary of M/P/S/O Employee Promotion and Pay Rise Review Standards
	Law on Prevention and Treatment of Occupational Diseases of the People's Republic of China	Training Management System
	Fire Protection Law of the People's Republic of China	Management System on Induction and Probation Period of New Employees
	Patent Law of the People's Republic of China	Employee Performance Management System
	Trademark Law of the People's Republic of China	Employee Code Management System
	Copyright Law of the People's Republic of China	Employee Attendance Management System
	Advertising Law of the People's Republic of China	Management System on Social Insurance and Housing Provident Fund
	Anti-unfair Competition Law of the People's Republic of China	Employee Handbook of Cheerwin
	E-Commerce Law of the People's Republic of China	Employee Benefits Management System
	Criminal Law of the People's Republic of China	Code of Safe Conduct for Employees
	Anti-Money Laundering Law of the People's Republic of China	Labor Contract Management Measures
	Law on Protection of Consumer Rights and Interests of the People's Republic of China	Management System on Occupational Health Protection of Laborers and Their Archives
	Product Quality Law of the People's Republic of China	Accountability System on Prevention of Occupational Diseases
	Regulation on the Protection of Personal Information of Telecommunications and Internet Users	Publicity, Education and Training Systems on Prevention and Treatment of Occupational Diseases



## APPENDIX II: LIST OF APPLICABLE LAWS AND REGULATIONS AND INTERNAL POLICIES OF CHEERWIN GROUP

Area	Major Laws and Regulations	Major Internal Policies
	Measures for the Supervision and Administration of Online Transactions	Disposal and Reporting Systems on Hazards and Accidents of Occupational Diseases
	Personal Information Protection Law of the People's Republic of China	Emergency Rescue and Management System on Harms of Occupational Diseases
	Data Security Law of the People's Republic of China	Management System on Personal Protective Equipment
		Safe Operating Procedures for Site Operations
		Management Procedures for High-risk Operation
		Occupational Health Management System
		Management System on Source of Dangers
		Safety Inspection System
		Chemical Management System
		Commitment System on Safety Production
		Measures for Management of Operations of Distributors
		Rules for the Management of Acquisition and Selection of Suppliers
		Quality Management Measures for Selection of New Suppliers of Raw Materials
		Measures for Daily Quality Management of Raw Materials Suppliers
		Rules on Monitoring and Management of Prohibited and Restricted Substances in Raw Materials
		Daily Management of Suppliers
		Management System for Purchase of Productive Materials
		Management System on Procurement and Bidding
		Management System on Acquisition and Selection of OEMs
		Management System on Appraisal of OEMs
		Management Measures for Introduction and Appraisal of ODM Products
		Management Measures for Brand Service Providers
		Rules on Control and Management of Technical Standards of Factories
		Objectives for Product Quality Management
		Quality Assurance Plan of Disinfectant Products
		Integrity Cooperation Agreement
		Patent Management Rules
		Trademark Management Rules
		Copyright Management Rules
		Measures for Handling Quality Accidents of Cheerwin
		Measures on Management of Information Security



# APPENDIX III: ESG REPORTING GUIDE CONTENT INDEX

<b>Subject Areas, Aspects, General Disclosures and KPIs</b>		<b>2023 Environmental, Social and Governance Report</b>
<b>A: Environmental</b>		
<b>Aspect A1:</b>	<b>Emissions</b>	
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</li> </ul>	2.2 Green Production
KPI A1.1	The types of emissions and respective emissions data.	Environmental KPIs
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). <ul style="list-style-type: none"> <li>– “Scope 1” emissions</li> <li>– “Scope 2” emissions</li> </ul>	Environmental KPIs Environmental KPIs Environmental KPIs
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental KPIs
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental KPIs
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	2.2 Green Production 2.3 Green Operation
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	2.2 Green Production
<b>Aspect A2:</b>	<b>Use of Resources</b>	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	2.2 Green Production 2.3 Green Operation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental KPIs
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental KPIs
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	2.2 Green Production 2.3 Green Operation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	2.2 Green Production
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental KPIs



## APPENDIX III: ESG REPORTING GUIDE CONTENT INDEX

<b>Subject Areas, Aspects, General Disclosures and KPIs</b>		<b>2023 Environmental, Social and Governance Report</b>
<b>Aspect A3:</b>	<b>The Environment and Natural Resources</b>	
General Disclosure	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	2.2 Green Production 2.3 Green Operation
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2.2 Green Production 2.3 Green Operation
<b>Aspect A4:</b>	<b>Climate Change</b>	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	2.1 Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	2.1 Climate Change
<b>B: Social</b>		
<b>Aspect B1:</b>	<b>Employment</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3.1 Employment
KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Social KPIs
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social KPIs
<b>Aspect B2:</b>	<b>Health and Safety</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3.3 Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	During the past three years, no work-related safety incidents occurred in the Group.
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.3 Health and Safety



## APPENDIX III: ESG REPORTING GUIDE CONTENT INDEX

<b>Subject Areas, Aspects, General Disclosures and KPIs</b>		<b>2023 Environmental, Social and Governance Report</b>
<b>Aspect B3:</b>	<b>Development and Training</b>	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.2 Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social KPIs
KPI B3.2	The average training hours completed per employee by gender and employee category.	Social KPIs
<b>Aspect B4:</b>	<b>Labor Standards</b>	
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</li> </ul>	3.1 Employment
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.1 Employment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	During the Reporting Period, the Group did not violate labor standards
<b>Aspect B5:</b>	<b>Supply Chain Management</b>	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.1 Partner Responsibility
KPI B5.1	Number of suppliers by geographical region.	Social KPIs
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.1 Partner Responsibility
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.1 Partner Responsibility
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.1 Partner Responsibility



## APPENDIX III: ESG REPORTING GUIDE CONTENT INDEX

<b>Subject Areas, Aspects, General Disclosures and KPIs</b>		<b>2023 Environmental, Social and Governance Report</b>
<b>Aspect B6:</b>	<b>Product Responsibility</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	1.2 Excellent Quality
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	During the Reporting Period, no products were recalled by the Group
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	1.3 Quality Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	1.1 R&D and Innovation
KPI B6.4	Description of quality assurance process and recall procedures.	1.2 Excellent Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	1.3 Quality Service
<b>Aspect B7:</b>	<b>Anti-corruption</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate Governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	During the Reporting Period, the Group was not subject to any legal case regarding corruption or fraud
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Governance
<b>Aspect B8:</b>	<b>Community Investment</b>	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	4.2 Social Welfare
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	4.2 Social Welfare
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	4.2 Social Welfare





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